



Daily Report

China

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CONTENTS

10 May 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Spokesman Claims Sovereignty Over SRV's Spratlys Oil Field [AFP]	1
GATT Chief Warns of Obstacles to Chinese Re-Entry This Year [AFP]	1
GATT Chief Says China Should Be Part of World Trade System [XINHUA]	2
Li Lanqing Receives U.S., SRV Visitors [XINHUA]	2
Li Lanqing Addresses UN Cartographic Conference [XINHUA]	2
Minister on Plans To Speed Up Reform of Law Business [XINHUA]	3

Northeast Asia

DPRK Reportedly Advised To Follow IAEA Guidance on Rods [Seoul YONHAP]	3
PRC Reportedly To Veto Possible Sanctions on DPRK [Seoul Radio]	3

Southeast Asia & Pacific

Defense Minister on Improved Ties With Border Countries [ZHONGGUO XINWEN SHE]	3
China Light Industry, Machinery Fair Opens in Burma [XINHUA]	4
Family Planning Minister Visits Singapore [XINHUA]	4
Chi Haotian Meets With Thai Delegation [XINHUA]	4
Thai Warship Visits Shanghai on Goodwill Visit [XINHUA]	4
Hu Jintao Receives Vietnamese Delegation [XINHUA]	4
More on Meeting [XINHUA]	5
Tian Jiyun Discusses Results of South Pacific Visit [XINHUA]	5

Near East & South Asia

Li Peng Receives Indian Minister 9 May [XINHUA]	6
Li Peng Optimistic on Improving Ties With India [Delhi Radio]	6
Indian Culture Festival Opens in Beijing [XINHUA]	6

Sub-Saharan Africa

Jiang Zemin Congratulates Mandela on Election Victory [XINHUA]	7
Commentator Hails South Africa's General Election [RENMIN RIBAO 6 May]	7

West Europe

Chinese Officials Attend EC 'Schuman Day' Fete [XINHUA]	8
Li Ruihuan Seeks Greater West European Investment [XINHUA]	8
Li Ruihuan Holds Discussions With Swedish Foreign Minister [XINHUA]	9
Shandong Economic Group Returns From Switzerland 2 May [Jinan Radio]	9

East Europe

PLA Official Meets With Polish Armed Forces Delegation [XINHUA]	9
Beijing, Warsaw Hail Further Military Cooperation [XINHUA]	9

NATIONAL AFFAIRS

Political & Social

Reports on Health of Deng Xiaoping	11
--	----

Son on Deng's Condition [XINHUA]	11
Says Deng 'In Very Good Health' [AFP]	11
Brother Reports on Health [Hong Kong TA KUNG PAO 9 May]	11
Artists Barred From Attending Belgian Arts Festival	
[Hong Kong SOUTH CHINA MORNING POST 10 May]	12
Ministry Spokesman Rejects Dalai Lama Referendum Bid [AFP]	12
Foreign Investors To Train Staff in Universities [XINHUA]	12
Columnist Views CPC, Corruption [Hong Kong HSIN PAO 6 May]	13
Correction to Draft Public Order, Land Laws Explained	14

Science & Technology

Nuclear Safety Standards Meet International Practice [XINHUA]	14
Participation in International Aerial Radar Survey Noted [XINHUA]	15

Military

Li Peng, Jiang Zemin Propose Amendments to PLA Rules [XINHUA]	16
Article Views Plan To Build Aircraft Carrier [Hong Kong CHIEN SHAO 8 May]	16
Article Views Placement of Demobilized Officers [JIEFANGJUN BAO 4 Apr]	19

Economic & Agricultural

Li Lanqing Urges Quality Control Over Exports [XINHUA]	24
Trade Ministry Regulations on Antidumping Suits [GUOJI SHANGBAO 12 Apr]	24
Unions Sought in East Coast Foreign-Invested Firms [XINHUA]	26
Official 'Optimistic' About Stability of Yuan [ZHONGGUO XINWEN SHE]	27
SPC Official Interviewed on Price Management [LIAOWANG 4 Apr]	27
Commentator on Agriculture's Effect on Economy [LIAOWANG 11 Apr]	30
State Council Issues Circular on Cotton Production [XINHUA]	32
Symposium on Circulation System Reform Held [XINHUA]	32
Industrial Growth 'Steady' in April [ZHONGGUO XINWEN SHE]	33
Twelve Million Households Raised 'Out of Poverty' [ZHONGGUO XINWEN SHE]	33
Beijing To Establish State Economic Information Network [XINHUA]	33
Taxation System 'Favorable' for Foreign Investors [XINHUA]	34
Only Enterprise-Run Bank Becomes Commercial Venture [XINHUA]	34
Investment Set for Southwestern Transport System [Hong Kong WEN WEI PO 15 Apr]	35
Transport Provides 'Chance' for Foreign Investors [XINHUA]	35
Foreign Loans To Be Used for Chang Jiang Ports [XINHUA]	36
NPC Studies Legal Management of Real Estate [XINHUA]	36
Zoning Program To Stem Arable Farmland Shrinkage [CHINA DAILY 10 May]	37
Forestry Official on Combating Desertification [XINHUA]	38

REGIONAL AFFAIRS

East Region

Anhui Sets Guidelines for Enterprise Milita Work [ANHUI RIBAO 30 Apr]	39
Cities in Chang Jiang Valley Increase Economic Ties [XINHUA]	39
Fujian Farmers Produce Export Crops for Hard Currency [XINHUA]	39
Jiangxi Security Department's Anticorruption Work [Nanching Radio]	40
Shandong Province First To 'Basically' Eradicate Leprosy [XINHUA]	40
Shanghai's Estimated Population 15.3 Million [WEN HUI BAO 21 Apr]	40

Central-South Region

Guangdong Province Elects New Vice Governor [XINHUA]	41
Guangdong Issues Circular on Price Controls [Guangzhou Radio]	41
Shenzhen Tries To Resolve Water Shortage Problem [ZHONGGUO XINWEN SHE]	41
Hainan Armed Police Corps Captures Crir..e Gang [XINHUA]	41
Original Version [XINHUA]	42
Hainan Accelerates Posts, Telecommunications Construction [ZHONGGUO XINWEN SHE]	43
Hunan Nationalities Commission Holds News Briefing [Changsha Radio]	43

Southwest Region

Guizhou Industrial Production Increases [Guiyang Radio]	44
Yunnan Procuratorial Work Report [YUNNAN RIBAO 13 Mar]	44

North Region

Beijing To Adopt Measures for Foreign Firms [XINHUA]	50
Li Peng Visits Herdsman's Home in Inner Mongolia [XINHUA]	51

Northwest Region

Radio, Television Service Improves in Ningxia [XINHUA]	52
More Highways Constructed in Ningxia Autonomous Region [XINHUA]	52
Shaanxi Secretary Addresses May Day Meeting [Xian Radio]	52
Shaanxi Governor Addresses Science Conference [Xian Radio]	53
Xinjiang Discipline Inspection Communique [XINJIANG RIBAO 4 Apr]	54

PRC MEDIA ON TAIWAN AFFAIRS

Taiwan's Stand on Boat Incident Criticized [XINHUA]	57
Government To Prosecute Suspects in Qiandao Lake Incident [XINHUA]	58
ARATS Official Discusses Qiandao Lake Incident [XINHUA]	58
SEF Official on Qiandao Lake Incident Meeting [XINHUA]	58
Experts Say Qiandao Victims Died of Smoke, Scorching [XINHUA]	59

TAIWAN

Report Views SEF Delegation's Visit to Hangzhou, Qiandao [CNA]	61
Vice Economic Minister Departs for U.S. for Tariff Talks [CNA]	61
Government Seeks To Use Quotas To Open Auto Market [CNA]	62
Foreign Investment Increases in Jan-Apr Period [CNA]	62

HONG KONG & MACAO

Hong Kong

Lu Ping, Patten Interviewed Separately on Hong Kong [Hong Kong TV]	63
Lu Ping Meets With Grass-Roots Organizations [Hong Kong TA KUNG PAO 9 May]	66
Governor Patten Calls For More Cooperation With PRC [Hong Kong SOUTH CHINA MORNING POST 10 May]	67
PRC Official Clarifies Statement on Hong Kong Land Fund [Hong Kong TA KUNG PAO 6 May]	68
Territory To Introduce 10-Cent Coin To Prepare for 1997 [XINHUA]	68
Column Accuses British of Looting Hong Kong [LIAOWANG 28 Mar]	69
Poll Shows Less Confidence in China Following Lu's Visit [Hong Kong SOUTH CHINA MORNING POST 9 May]	70
Commentary Views Task of Preliminary Work Committee [RENMIN RIBAO OVERSEAS EDITION 9 May]	70

Macao

Stolen Passport, Russian Visa Racket Revealed [Hong Kong SOUTH CHINA MORNING POST 9 May]	71
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General

Spokesman Claims Sovereignty Over SRV's Spratlys Oil Field

HK1005083294 Hong Kong AFP in English 0757
GMT 10 May 94

[By Gilles Campion]

[Text] Beijing, May 10 (AFP)—China on Tuesday made an official claim of sovereignty over the Blue Dragon oil field being prospected by Vietnam, stepping up the territorial dispute in the South China Sea. A Chinese Foreign Ministry spokesman said the zone on the Vietnamese continental shelf should be transferred to the disputed Spratly island chain, adding that an exploration contract Vietnam has signed with the Mobil oil company was "illegal."

"The Blue Dragon sea area belongs to the adjacent waters of the Nansha islands," he said, using the Chinese name for the Spratlys—claimed in whole or in part by Vietnam, China, Malaysia, Brunei, Taiwan and the Philippines. His statement was the clearest claim of sovereignty over this region yet made by the Chinese. They have not made any protests over the search for oil in the Great Bear (Dai Hung) field being carried out by several companies for the Vietnamese government. The state-run PetroVietnam oil company is working with Mobil on exploring the Blue Dragon (Than Long) field, which the Vietnamese government claims is not part of the Spratlys.

China's latest claim will further complicate the international bargaining for control of the archipelago. The hundreds of isles, atolls and sea rocks in the Spratlys are in one of the busiest sea lanes in the world. All vessels going from Japan to the Middle East and Europe pass by.

But the enormous riches waiting to be exploited under the seabed are at the centre of growing diplomatic sabre rattling. Vietnam, which has a presence on around 20 of the atolls, last week launched a veiled warning about Beijing's intentions in the South China Sea. The government called for measures to ease tensions and "avoid complicating the situation and without resorting to force or threats of force." A diplomat in Beijing said "the Chinese have never hidden their ambitions in the region and now they are pushing even further to keep Vietnam out of what they consider to be a 'Chinese lake.'"

The Chinese have given exploration rights in a 25,000-kilometre (10,000-square mile) zone west of the Spratlys to a U.S. firm, Crestone Energy Corp. The zone is only 250 kilometres (160 miles) from the Vietnamese coast, but Crestone say they have been promised Chinese naval protection. Hanoi has in turn claimed that the Crestone deal is illegal because the zone is on the Vietnamese continental shelf. "Beijing seems to be attempting to set a frontier that Hanoi can only cross at the risk of a naval clash like in 1988," said the diplomat. Three Vietnamese

vessels were sunk and 76 sailors killed during a brief clash with the Chinese navy in 1988.

Though Sino-Vietnamese relations were normalised in 1991, their territorial dispute remains outstanding. China has strengthened its presence in the South China Sea and has launched a modernisation programme aimed at making its navy one of the world's most powerful by the next century. The air force now has Russian Su-27 long-range bombers and are building an air base on the Paracels islands—another South China Sea archipelago claimed by China and Vietnam. Vietnam's navy was not strong enough to dispute the 1988 conflict and according to military experts has weakened further since.

GATT Chief Warns of Obstacles to Chinese Re-Entry This Year

HK1005052694 Hong Kong AFP in English 0516
GMT 10 May 94

[Text] Beijing, May 10 (AFP)—China's ambition to gain readmission to the GATT by year's end is still far from being realised, the world trade body's chief warned here Tuesday, stressing that political will alone was no guarantee of membership.

"I can give no assurance whatsoever that the negotiations can be concluded by the end of the year," said GATT secretary general Peter Sutherland prior to crucial talks with top Chinese foreign trade officials that will have a significant bearing on the outcome of China's bid for readmission. There are considerable difficulties ... and it is quite clear that a great deal remains to be done," Sutherland said in an interview with AFP.

China, which was a founder member of the General Agreement of Tariffs and Trade (GATT) but left after the communists came to power in 1949, has made it clear it attaches great political significance to being readmitted before the institution is replaced by the World Trade Organisation (WTO) on January 1.

"But there is so much that can be done within a limited time frame," Sutherland said. [sentence as received] "Whether we have enough time or not remains to be seen."

While GATT members are unanimous on the importance of China to the WTO, strong reservations persist over its ability to conform with requirements on a whole range of trade issues, especially the question of trade transparency.

"Its trade rules and regulations and their availability for analysis are in dispute and there are those who would say there is not an adequate degree of clarity as yet," Sutherland said, citing questions over licensing mechanisms, quotas and non-tariff trade barriers. There is a sense of a lack of understanding that needs to be overcome, and this requires pro-active work by China in persuading and explaining. It's not merely a question of

political will," Sutherland said, adding that negotiations between now and the end of the year would require "enormous engagement."

Sutherland was scheduled to hold a series of high-level talks Tuesday afternoon with Foreign Trade Minister Wu Yi, assistant minister Long Yongtu and vice premier in charge of foreign trade Li Lanqing.

GATT Chief Says China Should Be Part of World Trade System

*OW0905172794 Beijing XINHUA in English 1617
GMT 9 May 94*

[Text] Beijing, May 9 (XINHUA)—The director-general of the General Agreement on Tariffs and Trade, Peter Sutherland, said here today that China should be part of the world trade system rather than outside the system.

Sutherland made the remarks in a brief interview with XINHUA on his arrival at the Beijing International Airport.

The GATT chief, invited by Wu Yi, Chinese minister of foreign trade and economic cooperation, will meet with Chinese leaders to discuss China's resumption of its contracting party status in GATT.

He said that this particular visit takes on particular importance in regard to timing since it immediately follows the Marrakech meeting last month, at which the overall documents of the Uruguay Round talks were signed.

The world is on the eve of the creation of the new trading order as a result of the conclusion of the Uruguay Round, Sutherland said, and he hoped that the new order in terms of the world trade organization would come into existence by the beginning of next year.

The chief said that from the viewpoint of the rest of the world, it is the desire that China should be part of the system rather than outside it.

It has been said that the negotiation process is a difficult one which has been pursued for years, but, he said, "we are very anxious that the negotiation process should be pursued speedily, constructively and with a view to finding solutions to any difficulties that may remain."

And therefore, it is a matter of some urgency to speed up the negotiation process. All parties involved in the negotiations have to cooperate to find solutions and bring China into the world trade organization.

China's enormous importance, politically and economically, to the world is evident, Sutherland said, and China's integration into the new world trade system will be helpful to world trade development.

As it is the first overseas trip he has taken since the Marrakech signing of the Uruguay Round, Sutherland said, it shows the extreme importance with which the world's largest trade body views China's re-entry.

Long Yongtu, assistant minister of foreign trade and economic cooperation, welcomed the chief at the airport.

Long said that China attaches much importance to the chief's China visit and expects that the visit will help push forward the negotiation process on the restoration of China's GATT membership.

China's development needs the world and the development of world trade also needs China, Long said, and China is willing to make due contributions to world trade development.

Li Lanqing Receives U.S., SRV Visitors

*OW0905111994 Beijing XINHUA in English 1043
GMT 9 May 94*

[Text] Beijing, May 9 (XINHUA)—Chinese Vice-Premier Li Lanqing met with Salim Ibrahim, vice-president of the U.S.-based Du Pont company, and his party here this afternoon.

Ibrahim, who is also chairman of the World Textile Association, arrived here May 7 as guest of the China National Textile Council.

Later, Vice-Premier Li met and had a friendly conversation with Nguyen Trong Vinh, former Vietnamese ambassador to China, and his group.

The Vietnamese guests arrived here May 7 at the invitation of the Chinese People's Institute of Foreign Affairs (CPIFA). President Liu Shuqing of the CPIFA today also met with them and hosted a dinner in their honor.

Li Lanqing Addresses UN Cartographic Conference

*OW0905132194 Beijing XINHUA in English 1237
GMT 9 May 94*

[Text] Beijing, May 9 (XINHUA)—The 13th United Nations Regional Cartographic Conference for Asia and the Pacific opened here today.

Over 200 delegates from the UN and international cartographic organizations and cartographic departments of various countries are attending the conference.

At the opening ceremony, Chinese Vice-Premier Li Lanqing praised the UN's role in promoting international cartographic cooperation and development.

The Chinese Government has always encouraged China's cartographic departments to strengthen economic and technological cooperation with their foreign counterparts, said the vice-premier.

To date, China's cartographic management departments have signed contracts with cartographic organizations in more than 10 countries and set up technological cooperative relations with dozens of countries. Meanwhile, they

have actively participated in related activities of the United Nations and international cartographic organizations, Li said.

With a stable political situation and rapid economic development, China now is speeding up its reform and opening to the outside world, said Li. He hoped the United Nations and other countries in the world would support restoration of China's status as a signatory state to GATT so as to further promote China's economic development.

Minister on Plans To Speed Up Reform of Law Business

OW0905160894 Beijing XINHUA in English 1528
GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—China's Minister of Justice Xiao Yang said here today that China is aiming to bring its law business in line with international practices in a short period of time.

Addressing the '94 China International Business Law Seminar, Xiao pointed out that in the near future, China should develop more self-disciplined law offices, loosen the restrictions on such offices, and gradually turn them into independent corporate bodies.

He also called for establishing a new regulatory system, under which legal associations can play a major role in legal business management, and leave the justice administrative departments to conduct macro-control.

About 100 experts from China, France, Germany, Italy, the United States, Macao and Taiwan attended the two-day seminar.

They will exchange opinions on foreign-related tax laws, corporate law, investment law, intellectual property law and new trends for worldwide legal business.

Northeast Asia

DPRK Reportedly Advised To Follow IAEA Guidance on Rods

SK1005014394 Seoul YONHAP in English 0125
GMT 10 May 94

[Text] Seoul, May 10 (YONHAP)—China has advised North Korea not to change the fuel rods at its Yongbyon reactor without International Atomic Energy Agency (IAEA) supervision, a well-informed source here said Tuesday.

The Seoul government had asked Beijing to use its influence in the matter, the source said, but North Korea's response was not known.

Chinese Ambassador to Seoul Zhang Tingyan notified South Korean Vice Foreign Minister Hong Sun-yong that Beijing has asked Pyongyang not to replace the fuel

rods at its 5-megawatt reactor in Yongbyon without IAEA supervision, the source said.

North Korea has defied IAEA demands to be present during the refueling and to take samples of the spent rods, which could help the agency trace Pyongyang's nuclear activities since 1987 when the reactor is believed to have started operating.

The agency has threatened to report North Korea to the UN Security Council unless these demands are met.

Pyongyang offered May 6 to let the IAEA be present when the fuel rods are changed but would not allow the collection of any samples that might reveal past operations.

Vice Foreign Minister Hong asked the Chinese ambassador to use his influence with North Korea about a week ago, the source said.

PRC Reportedly To Veto Possible Sanctions on DPRK

SK1005070094 Seoul KBS-1 Radio Network in
Korean 0630 GMT 10 May 94

[Text] China will exercise its veto power should the UN Security Council [UNSC] decide on sanctions regarding North Korea's nuclear problem.

In a meeting with Beijing-based ROK correspondents today [10 May], a high-ranking PRC official said that China is making diplomatic efforts, including behind-the-scenes contacts, so that dialogue between North Korea and the United States are realized before 15 May, the deadline for allowing inspections of the International Atomic Energy Agency.

This official, however, stressed that the Chinese Government position opposes using pressure on North Korea as a method for solving the problem. He strongly suggested that China will exercise its veto power when the North Korean nuclear problem is referred to the UN Security Council.

Southeast Asia & Pacific

Defense Minister on Improved Ties With Border Countries

HK0905151394 Beijing ZHONGGUO XINWEN
SHE in English 1356 GMT 9 May 94

[Text] Beijing, May 9 (CNS)—State Councillor and Minister of National Defence, General Chi Haotian, speaking at a meeting with a delegation of Thailand's Senate Military Committee today, said that China was adopting a defensive policy on national defence and would not seek hegemony when it gets stronger. China, he said, hoped to develop its relations with bordering countries.

The Chinese minister stressed that the Chinese army was willing to promote its relations with its counterparts in foreign countries. The so-called "threat" of China was totally groundless.

General Chi spoke highly the friendly relations between the two countries and their armies. [sentence as received]

The Thai guests told to General Chi that after watching a military performance by the Chinese army, they were deeply impressed by the Chinese army's fighting strength and spirit of serving the people, adding that the might of China and the Chinese army was an important factor for maintaining peace and stability in the region.

China Light Industry, Machinery Fair Opens in Burma

OW0705101894 Beijing XINHUA in English 0741
GMT 7 May 94

[Text] Yangon [Rangoon], May 7 (XINHUA)—China Light Industry and Machinery Fair '94 Yangon opened here today, the first of its kind held since the Myanmar [Burma] government carried out a market-oriented economic policy in the country in 1988.

At the opening ceremony, Myanmar Minister for Trade Lieutenant-General Tun Kyi said that the fair will provide not only trade and economic opportunities but also foster friendship between the two countries.

The fair, assisted by the Myanmar Ministry of Trade, was sponsored by the aviation industry of China and Pioneer Myanmar Holdings Ltd.

Displayed at the fair are more than 400 items such as modern personal and household goods, electronic goods, motorcycles, motors, equipment for office use, carpenter's tools and advanced engineering machines for computers, gem-polishing, drilling and welding machines for agriculture.

The fair will end on May 13.

Family Planning Minister Visits Singapore

OW0905161094 Beijing XINHUA in English 1533
GMT 9 May 94

[Text] Singapore, May 9 (XINHUA)—Chinese State Councillor and Minister of the State Family Planning Commission Peng Peiyun arrived here tonight on a six-day visit to Singapore.

The visit was made at the invitation of George Yeo, minister of health.

During her stay here, Peng will meet Prime Minister Goh Chok Tong and Health Minister Yeo, the Health Ministry said.

Peng and her delegation will be briefed on Singapore's medical services and health financing system, workmen's compensation, the central provident fund and other health-related social security systems.

Chi Haotian Meets With Thai Delegation

OW0905144094 Beijing XINHUA in English 1354
GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—General Chi Haotian, Chinese State Councillor and defense minister, met with a delegation from the Military Committee of the Thai Senate and hosted a dinner in their honor here this evening.

The 11-member delegation, headed by Praphan Dhupatemiya [name as received], chairman of the committee, arrived here on May 7 as guests of the Foreign Affairs Committee of the Chinese National People's Congress (NPC).

Yesterday, Zhu Qizhen, vice-chairman of the NPC Foreign Affairs Committee, also met with the delegation, which is expected to travel to Xian and Kunming besides Beijing.

Thai Warship Visits Shanghai on Goodwill Visit

OW0605192794 Beijing XINHUA in English 1459
GMT 6 May 94

[Text] Shanghai, May 6 (XINHUA)—The training warship "Makutarajakumarn" from Thailand arrived here today on a three-day goodwill visit to China.

Deputy chief of staff of the Shanghai base of the Chinese Navy Shen Hongzhang met the Thai guests at the pier.

Vice-Mayor of Shanghai Meng Jianzhu and commander of the Shanghai base of the Chinese Navy Yan Yuchun met here today with head of the delegation Captain Nara and captain of the warship Krienjai Anantasan.

The Thai guests will visit the Chinese Navy fleet, shipyards and parks.

Hu Jintao Receives Vietnamese Delegation

OW0905135394 Beijing XINHUA in English 1338
GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—Hu Jintao, member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee, said here today that China's anti-corruption campaign will be carried out during the whole process of its reform, opening up and modernization drive.

Hu, also a member of the Secretariat of the CPC Central Committee, made the remark when meeting with a delegation from the Control Commission of the Central Committee of the Vietnamese Communist Party this afternoon in the Great Hall of the People.

Hu said that the Chinese Communist Party and Government have a full understanding of and a clear-cut stand towards the issue of corruption.

The delegation is headed by Do Quang Thang, member of the Political Bureau, member of the Secretariat, and director of the Control Commission of the Central Committee of the Vietnamese Communist Party.

Extending a welcome to the visitors, Hu said that cooperation and exchanges in the fields of politics and economy have kept expanding between China and Vietnam since the two countries normalized relations.

A further constant expansion of exchanges between the Communist Parties in the two countries will be beneficial to promoting mutual understanding and learning from each other as well as furthering their relations, Hu added.

He expressed satisfaction over the contacts and cooperation between the two discipline inspection departments and said that the Chinese party and government treasure the traditional friendship between the two peoples and are willing to make joint efforts with Vietnam to develop bilateral friendly cooperation.

Do said that the Vietnamese Communist Party is willing to draw on the experience of the Chinese Communist Party in party building and economic construction and to strengthen its relations with the Chinese Communist Party.

More on Meeting

OW1005013094 Beijing XINHUA Domestic Service
in Chinese 1025 GMT 9 May 94

[Text] Beijing, 9 May (XINHUA)—Hu Jintao, member of the CPC Political Bureau Standing Committee and the Secretariat of the CPC Central Committee, said China will unrelentingly carry out the anticorruption campaign during the entire process of its reform, opening up, and modernization drive. He made the remark in the Great Hall of the People this afternoon when meeting with a delegation led by director Do Quang Thang of the Control Commission of the Central Committee of the Communist Party of Vietnam [CPV].

Hu Jintao said the CPC and the Chinese Government have a sober understanding of and a clear-cut stand towards the issue of corruption.

Do Quang Thang is also a member of the CPV Political Bureau and Secretariat. On behalf of the CPC Central Committee, Hu Jintao extended a welcome to the delegation led by Do Quang Thang.

Hu Jintao said since the normalization of Sino-Vietnamese relations, as well as exchange and cooperation between the two in the fields of politics and economics, have kept expanding.

He expressed satisfaction over the friendly relations established by the CPC and CPV for their discipline

inspection organs, and said a further constant expansion of exchange between the two parties will be beneficial to promoting mutual understanding and learning from each other, as well as furthering their friendly relations.

Hu Jintao said the CPC and the Chinese Government treasure the traditional friendship between the two peoples and are willing to make joint efforts with Vietnam to consolidate and develop bilateral friendly cooperation in every field.

At the meeting, Hu Jintao also briefed visitors on the CPC's strengthening of party building and discipline inspection, as well as China's reform and opening up.

Do Quang Thang said the CPV is willing to draw upon the CPC's experience in party building and economic development, and to strengthen and develop the friendly relations between the two parties and countries.

Also present at the meeting were Hou Zongbin, deputy secretary of the Central Commission for Discipline Inspection [CCDI]; CCDI secretary general Wang Guang; and Dang Nghiem Hoanh, Vietnamese ambassador to China.

Tian Jiyun Discusses Results of South Pacific Visit

OW0905121094 Beijing XINHUA in English 1148
GMT 9 May 94

[Text] Sydney, May 9 (XINHUA)—Visiting Vice-Chairman Tian Jiyun of the Chinese National People's Congress (NPC) said here today that his four-nation South-Pacific trip has achieved the purpose of "increasing understanding, getting acquainted with friends and promoting cooperation."

Tian, who is leading an NPC delegation now on a visit to Australia, described his visit to the four South-Pacific nations as a "successful, satisfactory and fruitful one."

In an interview with the Chinese reporters based in Australia here today, Tian said there is no fundamental conflict of interests between the four countries and China, and on the contrary, they share many common interests.

"To keep peace and stability in the Asia-Pacific region, to make the pace of each country's development more faster and to make the life of their people better" are the common desires of China and these countries, Tian stressed.

Tian said both Australia and New Zealand believed that "we bear the important and historic responsibilities for safeguarding peace and stability in the Asia-Pacific region."

On the prospect for cooperation between China and the four nations, Tian said that the economies of both China

and the four nations have strong complements and the potential is great for furthering economic and trade cooperation.

He mentioned particularly the considerable potential of cooperation between China and both Australia and New Zealand.

He cited as an example the husbandry industry of New Zealand, which he said has unique strong points in improving the grassland and the breed of ox and sheep.

Tian also talked of the rich resources that Australia boasts, saying that China has a considerable demand for resources as China is striving for achieving its goal of modernization.

He stressed that as China is on its way towards modernization, "China should not only expand its markets in the world, but also find resources markets outside the country."

Tian believed that China, while paying attention to the markets in Europe, America and Japan, "must attach importance to the South-Pacific region."

"There is much room for China to manoeuvre in expanding trade and cooperation in the region," he added.

Pointing to the importance of parliamentary diplomacy, Tian said, "to do a good job in this regard can play a major role in increasing friendship and cooperation between China and the countries in the world."

During his visit to the four nations, Tian met leaders of the parliaments and governments, had extensive contacts with the parliamentarians and exchanged views with the figures from the industrial and business circles on furthering bilateral economic and trade cooperation.

Tian left here for Brisbane this afternoon to continue his visit in Australia, the last leg of his four-nation tour.

Near East & South Asia

Li Peng Receives Indian Minister 9 May

OW0905111894 Beijing XINHUA in English 1033 GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—Chinese Premier Li Peng has called for the strengthening of friendly contacts between China and India with a view to promoting Sino-Indian friendship and cooperation.

Li expressed the hope at a meeting here today with Arjun Singh, Indian minister of human resources development, who has been here to preside over the Indian cultural festival which opened in the capital today.

Li wished the festival a success, saying the festival has brought India's ancient and splendid culture to China.

The festival is itself a direct contribution to enhancing the friendship between the Chinese and Indian peoples, he said.

China and India, both civilized ancient countries and bordering each other, have all reasons to be friendly neighbors, Li said, adding that in recent years, the relations between the two countries have been developing smoothly, featured by "positive achievements" in quite a few fields.

Some outstanding questions between China and India will finally be solved properly so long as both sides cooperate sincerely, Li believed.

Singh believed that the current Indian cultural festival will also turn out a success as the Chinese cultural festival held in India in 1992. He said that the holding of the two festivals was decided by Li Peng and Indian Prime Minister P.V. Narasimha Rao in 1991.

The minister said the Indian Government will continue its efforts to further consolidate and develop the relations between the two countries.

Present at the meeting were Cultural Minister Liu Zhongde and Vice Cultural Minister Liu Deyou.

Li Peng Optimistic on Improving Ties With India

BK1005092594 Delhi All India Radio Network in English 0830 GMT 10 May 94

[Text] India and China have voiced the hope that a pragmatic political relation between the two countries could make them a great force for peace and progress. This optimism was expressed by the Chinese premier, Mr. Li Peng, in Beijing yesterday when the human resource development minister, Mr. Arjun Singh, called on him. Making a reference to bilateral issues, especially the border question, Mr. Li said it could certainly be solved through mutual efforts. Mr. Arjun Singh said India hoped to take relations to an even higher level and endorsed the statement of the Chinese leader.

Mr. Arjun Singh is in Beijing for the inauguration of the two-month long festival of India in China.

Indian Culture Festival Opens in Beijing

OW0905160094 Beijing XINHUA in English 1453 GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—A grand performance staged by three Indian troupes here this evening marked the opening of the two-month Indian Culture Festival.

The festival is expected to be held in 16 Chinese cities. Indian performances, exhibitions and a movie festival will be held in cities including Beijing, Shanghai, Tianjin, Nanjing and Guangzhou.

The Indian Government will dispatch seven cultural delegations to China to participate in the festival.

Among those present at today's opening ceremony were Li Tieying, Chinese State Councillor, Buhe, vice-chairman of the Chinese National People's Congress Standing Committee, Liu Zhongde, Chinese culture minister, and Arjun Singh, head of the culture delegation of the Indian Government and minister of human resources development.

They also lighted lamps, an Indian version of cutting the ribbon, to open the festival.

This is the first time for China to sponsor such a large-scale foreign culture festival since the founding of the country in 1949.

The premiers of the two countries decided to exchange culture festivals when Chinese Premier Li Peng visited India in 1991, and the decision was contained in the Sino-Indian Joint Communiqué issued at that time.

A 45-day Chinese Culture Festival was successfully held in 11 Indian cities in late 1992.

Sub-Saharan Africa

Jiang Zemin Congratulates Mandela on Election Victory

OW0905132494 Beijing XINHUA in English 1300
GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—Chinese President Jiang Zemin today expressed his "warmest congratulations" to Nelson Mandela for his election to the presidency of the Republic of South Africa.

In a message to Mandela, Jiang said, "it gives us special joy to learn of Your Excellency's election to the presidency of the Republic of South Africa. On behalf of the Chinese people and in my own name, I wish to extend to you our warmest congratulations."

He said, "The end of the racist rule in South Africa has added a bright new chapter to the history of Africa and the annals of world human civilization."

"Your Excellency has waged protracted and arduous struggles for and made major contributions to the realization of racial equality in South Africa," Jiang said, "you have thus won not only the support and affection of the South African people but also the admiration of the Chinese people."

The Chinese president said, "I believe, under your leadership, South Africa will become a country of racial equality, peace, stability and prosperity, and will contribute to peace and development in Africa and the world at large."

He reiterated, "The Chinese people have always been firm in supporting the just cause of the South African people," and noted, "the birth of the new South Africa has opened up a broad prospect for the advancement of the relations between our two countries."

Jiang said, "I wish to take this opportunity to assure you once again that China cherishes the profound friendship between our two peoples nourished in the long common struggles and is ready to establish and develop friendly relations and cooperation with South Africa on the basis of the Five Principles of Peaceful Coexistence."

He stressed, "I am convinced that through our joint efforts, the traditional friendship between the Chinese people and the South African people will develop further on the new basis."

Jiang finally wished the Republic of South Africa to enjoy prosperity and its people well being.

Commentator Hails South Africa's General Election

HK0905045994 Beijing RENMIN RIBAO in
Chinese 6 May 94 p 6

[Commentator's article: "An Important Event in the History of Human Civilization in This Century—Warm Congratulations to the Success of the First Multiracial General Election in South Africa"]

[Text] Good news came from the distant continent of Africa and attracted worldwide attention. The results of the first multiracial general election in South Africa showed that the African National Congress [ANC] of South Africa led by Mandela will win a majority of the vote. In South Africa, a ANC-led national unity government will be formed. The result of the general election showed that the last apartheid system, which was also the most inhumane one in the world, has come to an end; and a new South Africa with racial equality is born. The vast number of black people being oppressed under the racist rule in South Africa have stood up today, and they, together with white people, have become masters of the country. The success of the first multiracial general election in South Africa was not only a significant event in the political life of the South African people and the African people as a whole, but was also an event of great historical significance in, and with far-reaching impact on, the history of human civilization in this century. The Chinese people always firmly support the just struggle of the South African people, and also heartily rejoice at the historic victory scored by the South African people. We extend warm congratulations to them.

In order to achieve today's universal suffrage, the people of South Africa continued to fight for more than 300 years. In particular, after the ANC was founded in 1912, it led the black people in the country to carry out prolonged and unremitting struggle against apartheid and racial discrimination and to fight for South African black people's equal political and economic rights. Their struggle drove the racist regime into dire straits, made the authorities realize that they could no longer maintain racist rule, and forced them to hold peace talks. Constitutional talks began in December 1991. The multiparty talks, which lasted more than two years and were attended by the ANC and more than 20 other political

parties, underwent innumerable twists and turns and encountered many obstacles, because there were different opinions and interest conflicts between various parties, and the far-right wing of the white people continued to stir up trouble and provoke conflicts. However, backed by Mandela and De Klerk, representatives of most political parties cherished the spirit of racial reconciliation and democratic consultation, continued to make joint efforts to remove various difficulties and obstacles, and eventually achieved significant results in advancing the process of peace and democracy in South Africa.

Today's victory won by the people of South Africa is also inseparable from extensive assistance and support from other African countries and peoples, especially the great assistance and sacrifice made by the forefront countries in Southern Africa. The Organization of African Unity, the United Nations, other international organizations, and the international community as a whole have also made positive contributions to supporting the struggle of the South African people. Because the struggle of the South African people won extensive support and assistance from all justice-upholding and peace-loving people inside and outside the country, the situation in South Africa could develop in an orientation favorable to the people's progress.

The success of the first whole-people-involved election in South Africa does not indicate the end of the South African people's struggle. An extremely small number of far-rightists among the white people are not willing to see the collapse of the racist system, and they will continue to stir up trouble and carry out sabotage. The differences among various organizations of the black people have not been completely solved. It will be hard to eliminate the influence of the long-standing racist rule and violent conflicts within a short time. However, people believe that the South African people, who have freed themselves from the shackles of the apartheid system, will certainly be able to overcome difficulties, and continue to advance along the course of racial reconciliation and national peace and stability. A new South Africa with democracy, equality, peace, and prosperity will certainly appear on the continent of Africa.

West Europe

Chinese Officials Attend EC 'Schuman Day' Fete

OW0905143294 Beijing XINHUA in English 1350
GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—The delegation of the Commission of the European Communities (EC) stationed in China gave a reception here this evening to mark the EC's Schuman Day.

The EC's birthday is termed Schuman Day in honor of Robert Schuman, French minister of foreign affairs in the 1950s and one of the founders of the European Community of Coal and Steel in 1951.

Among those attending the reception were Chinese Minister of Power Industry Shi Dazhen, Assistant Chinese Foreign Minister Dai Bingguo and embassy officials of various countries in Beijing.

Li Ruihuan Seeks Greater West European Investment

OW1005041594 Beijing XINHUA in English 0225
GMT 10 May 94

[Text] Stockholm, May 9 (XINHUA)—West European governments and business communities should seize the opportunity to boost their share of the China market, a visiting Chinese leader said here today.

Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), made the call in a speech to Swedish entrepreneurs and businessmen.

According to Li, the two-way trade between China and Western Europe topped 29.5 billion U.S. dollars in 1993. By June 1993, China had 2,146 projects using West European funds, with 5.7 billion U.S. dollars pledged and 2.25 billion dollars utilized.

However, Li said, "Western Europe's shares of China's commodity and investment markets are not commensurate with its real strength." He added that China is a huge market and its economy is growing at a pace rarely seen in the world.

Therefore, he said, "We hope that West European governments and business communities will not miss the opportunity to boost their share of the China market."

The CPPCC leader said China will accelerate the improvement of its investment environment, including the legal framework concerning foreign businesses, with a view to effectively protecting the legitimate rights and interests of foreign investors.

Li expressed the hope that Western Europe will open its market wider to China in an effort to seek a mutually beneficial cooperation.

On Sino-Swedish relationship, Li said, "There is a great potential for our economic cooperation and scientific, technological and cultural exchanges."

Trade between the two countries reached 900 million dollars in 1993, marking a 43.7-percent increase over the previous year.

According to Li, Swedish investment in China has also made remarkable progress. Swedish firms like Ericsson, Atras Copco and Volvo have built up a reputation in China. Products of Sino-Swedish Pharmaceuticals Corp. and Kanthel Ltd. are selling well.

Li arrived in Sweden on Friday for a five-day official visit.

Li Ruihuan Holds Discussions With Swedish Foreign Minister

*OW1005035194 Beijing XINHUA in English 0319
GMT 10 May 94*

[Text] Stockholm, May 9 (XINHUA)—Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) Li Ruihuan and Swedish Foreign Minister Margaretha Ugglass expressed the hope today that the traditional friendship and mutual cooperation between their countries will be strengthened.

In their talks, Li spoke highly of the bilateral relations, noting that Sweden is the first western country to establish diplomatic relations with New China after it was born in 1949 and the two nations have no outstanding problems to settle.

The two countries share many common interests in the maintenance of world peace and promotion of common development, Li said.

Li added that so long as both sides pursue the principles of mutual respect, non-interference in each other's internal affairs, mutual benefit and equality as well as seeking common grounds while reserving differences, the relations between the countries will be promoted constantly.

Ugglass said in the talks that her country has paid great attention to Li's current visit.

She said Sweden appreciates the economic and social successes achieved by China in recent years.

The Swedish Government supports broader economic and trade cooperation between the two countries, said the foreign minister.

Ugglass expressed her belief that Li's visit will boost the existing bilateral ties in the political and economic fields.

Li arrived in Sweden's second largest city of Gothenburg last Friday to begin a visit to the Nordic nation, the second leg of his current five-European-nation tour, which has already taken him to Finland. Li will proceed to Norway, Denmark and Belgium.

Shandong Economic Group Returns From Switzerland 2 May

*SK0605003994 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 3 May 94*

[Text] The six-member economic delegation of Shandong Province headed by Wang Shufang, vice chairman of the provincial people's congress standing committee, concluded their visit in Switzerland and returned to Beijing Municipality on 2 May. During their visit in Switzerland, the delegation successively visited and made fact-finding tours among a number of enterprises and economic and trade organizations. They made extensive contacts and exchanged opinions with the

personages of Swiss economic and trade circles. They also visited the Parliament of Swiss Confederation and called on the responsible persons of China-Swiss Friendship Association and mayor of Rheinfelden city. During their visits, they publicized the achievements scored by the province in reform and opening up and enhanced the friendship between the two sides.

East Europe

PLA Official Meets With Polish Armed Forces Delegation

*OW0605135094 Beijing XINHUA in English 1239
GMT 6 May 94*

[Text] Beijing, May 6 (XINHUA)—General Fu Quanyou, member of the Central Military Commission, met with Lieutenant-General Zbigniew Zalewski, deputy chief of the general staff and logistic general of the Polish Armed Forces, and his party here today.

Fu, also director of the general logistics department of the Chinese People's Liberation Army (PLA), said that the visit will deepen the mutual understanding and friendship between the two armed forces.

Zalewski said the relations between the two armed forces are developing. He expressed the belief that the visit would enhance exchanges between the logistic departments.

After the meeting, Fu hosted a banquet for the visitors.

The Polish guests are here on a friendly visit at the invitation of the PLA's General Logistics Department.

Beijing, Warsaw Hail Further Military Cooperation

*OW1005032894 Beijing XINHUA in English 0250
GMT 10 May 94*

[Text] Warsaw, May 9 (XINHUA)—Poland and China today hailed the further development of military cooperation between the two countries.

At a meeting here this morning with a senior Chinese military delegation, Prime Minister Waldeman Pawlak expressed satisfaction with the military cooperation between Poland and China.

Talking about the bilateral relations between the two countries, the prime minister said he hoped to further promote development of the Polish-Chinese ties during his scheduled visit to China this fall.

"Poland hopes to establish a partnership with China, especially to develop economic cooperation," he said, adding that Poland can help bridge exchanges between China and West European nations.

Zhang Wannian, chief of General Staff of the People's Liberation Army of China, who headed the delegation,

passed on Chinese Premier Li Peng's regards to Pawlak and said that there is a common will to develop cooperation between the two armies.

"The Chinese Government attaches great importance to these military relations," he added.

Zhang, who is also a member of the Military Commission of the Central Committee of the Communist Party of China, also held formal talks with his Polish counterpart, General Tadeusz Wilecki, here this morning.

Briefing each other on each side's domestic situation and the development of their armed forces, Zhang and Wilecki expressed the common hope to further develop friendship between the two armies.

During the talks, Wilecki pledged that there would be new developments in the future in the cooperation between Polish and Chinese armed forces.

"Poland and China need to cooperate not only in political and economic fields but also in the military field," he stressed.

Zhang added that the Chinese people and its army will always maintain and develop their friendship with their Polish counterparts in spite of whatever changes may occur in the international situation.

Meanwhile, Jerzy Milewski, secretary of the Polish State Security Committee and first deputy defense minister, also held talks with Zhang this afternoon.

Speaking on behalf of the defense minister, Milewski said the ministry plans to keep closer ties with the Chinese armed forces.

He hoped to develop bilateral relations with the Chinese military and to send personnel to China to learn Chinese.

Zhang said there is a broad prospect for the cooperation between the two armies and believed that the relations will develop smoothly.

The Chinese delegation arrived in Poland on May 7 after a visit to Romania.

NATIONAL AFFAIRS

11

Political & Social

Reports on Health of Deng Xiaoping

Son on Deng's Condition

OW1005081594 Beijing XINHUA Domestic Service
in Chinese 0648 GMT 10 May 94

[By reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 10 May (XINHUA)—Deng Pufang, president of the Chinese Federation for the Disabled, disclosed today that his father, Deng Xiaoping, likes soccer very much and regularly watches soccer matches on television. He said his father would be very much interested in the World Cup Soccer Tournament this summer.

Speaking at a news conference for Chinese and foreign reporters held at the State Council Information Office today, Deng Pufang and Zhang Baifa [vice mayor of Beijing], who are in charge of the Preparatory Committee for the Sixth Far East and South Pacific Disabled Games, answered reporters' questions in connection with the games' preparations and other matters.

An ABC reporter asked: How is Deng Xiaoping's physical condition? Deng Pufang said: He is in very good health [ta shen ti hen hao 0100 6500 7555 1771 1170]. He is leading a normal retirement life at home. The weather is now getting warmer and outdoor strolling is good for his health.

Answering an ANSA reporter's question about humanitarianism and human rights, Deng Pufang said: Humanitarianism is closely related to human rights, involving human values and issues in many other fields.

Deng Pufang: The things we do concern disabled people. We often underscore humanitarianism and human rights. Over the years, we have often advocated the need to protect disabled persons' rights and interests. He added: Since reform and opening up, disabled persons' livelihoods as a whole have improved a lot, but there are still some disabled people who have food and clothing problems. The work on disabled people should focus on those disabled people who have the biggest problems, such as whether they have jobs, have the opportunity to receive an education, or have enough to eat and to wear. It is unrealistic if we ignore these basic issues and talk about humanitarianism and human rights in abstract terms.

Deng Pufang indicated that a sincere humanitarian must be genuinely sincere to do humanitarian work. He said: We in China are doing our work little by little, and little successes, accumulating over time, will result in great achievements and inspire great hope.

Says Deng 'In Very Good Health'

HK1005035394 Hong Kong AFP in English 0326
GMT 10 May 94

[Text] Beijing, May 10 (AFP)—Deng Xiaoping is alive and kicking and has become an avid football fan, one of his sons said here Tuesday. Deng Pufang again rejected suggestions that China's 89-year-old paramount leader was close to death at a press conference to support the Far East and South Pacific Disabled Games. "I really deeply regret all these rumors. He is in very good health. He enjoys the normal life of a retired person," said Deng Pufang, president of the Chinese Federation for the Disabled. "As the weather becomes warmer and warmer, he can go for walks. It is good for his health," the son added.

In recent weeks, rumours that Deng Xiaoping is dead or dying have swept world financial markets. They have been denied by his family and the foreign ministry, but the last time he was seen was on television in February he had to be helped to walk.

One of his daughter's, Deng Lin, said on April 28 her father was resting in Beijing.

Deng Xiaoping has always been known to be a keen bridge player. But his son said that the Chinese leader was now a keen armchair football fan. "As this summer there will be a lot of matches like the World Cup, I am sure he will be interested in watching," said Deng Pufang.

Deng Pufang was himself crippled when attacked during the Cultural Revolution, which is why he is now head of the Chinese federation for the disabled. The Far East and South Pacific Disabled Games will be held in Beijing from September 4 to September 10.

Brother Reports on Health

HK0905073094 Hong Kong TA KUNG PAO in
Chinese 9 May 94 p 12

[Report: "Deng Ken, Deng Xiaoping's Younger Brother, Arrives in Hong Kong, Says Deng Xiaoping in Very Good Health"]

[Text] Deng Ken, Deng Xiaoping's younger brother, yesterday arrived in Hong Kong by invitation to spend several days on a private visit. He said he had visited Deng Xiaoping recently, and "my brother is in very good health" and "will definitely come to Hong Kong in 1997."

After arriving in Hong Kong yesterday, Deng Ken met reporters at his hotel. He was accompanied by his wife Ding Hua. Luo Hsu-jui, chairman of the Paliburg Group, and Cheng Chao-ming, managing director of Changjiang Power Development (Hong Kong) Company Ltd., are hosting the couple this time.

Deng Ken said that this was his second visit to Hong Kong, and that this time he is coming mainly for

"pleasure" and will stay for three to five days. He also said that he had recently visited Deng Xiaoping who was in very good health.

Regarding the question of when Deng Xiaoping will come to Hong Kong, Ding Hua said that this is a matter for his own discretion, so she could not answer on his behalf. However, she said that he will definitely come to Hong Kong in 1997 and that they would come too.

Their daughter also came to Hong Kong with them this time.

Deng Ken's original name was Deng Xianxiu, and he is 86 years old. He joined the CPC in 1937 and once worked as a reporter. After the liberation, he served as vice mayor of Chongqing, vice mayor of Wuhan, and vice governor of Hubei Province. He retired many years ago and now lives in Wuhan.

His wife Ding Hua is currently vice chairman and secretary of Wuhan City People's Association for Friendship with Foreign Countries.

Artists Barred From Attending Belgian Arts Festival

HK1005040494 Hong Kong SOUTH CHINA MORNING POST in English 10 May 94 p 10

[By Josephine Ma in Brussels]

[Text] Two mainland artists about to fly to Belgium for an international arts festival were taken away by police at Beijing airport, holding boarding passes and visas. Mou Sen, director of Xijuchejian (Garage Theatre), an experimental drama group in Beijing, and arts critic Lin Kehuang, were barred from boarding the plane last Tuesday even though they had cleared Customs. The reasons for the action remain unknown.

Other theatre group members were able to leave for Brussels. It is understood the two artists were invited as members of the official delegation sent by the Ministry of Culture. Both were funded by the organiser, the International Arts Festival Brussels.

More than 80 Chinese artists from the mainland, Taiwan, and Hong Kong are now in Brussels for the festival's China programme. Mou was to present his group's first piece, *File 0*, and Lin was to give a talk about drama in China.

Festival director Frie Leysen vowed to express dissatisfaction at the incident. "It is an emotional evening but we are also angry. The Chinese authority has no right to keep people who ought to be here," Ms Leysen said before the first show by Xijuchejian.

Despite the absence of the director, *File 0* had its premier on schedule and won long applause.

Also participating in the festival were two non-official mainland artists, independent film-makers Zhang Yuan

and Wu Wenguan. Their works have been banned by the Chinese authorities. Cheung Fai, coordinator of the festival's China programme, said Zhang and Wu were not on the official mainland delegation.

Xijuchejian travels to France tomorrow.

Ministry Spokesman Rejects Dalai Lama Referendum Bid

HK1005042694 Hong Kong AFP in English 0348 GMT 10 May 94

[Text] Beijing, May 10 (AFP)—China reacted angrily Tuesday to suggestions by Tibet's exiled spiritual leader, the Dalai Lama, that he might hold a referendum on Tibet's future if Beijing ignores his moderate approach. "The so-called referendum suggested by the Dalai Lama is yet another trick for his splitting activities," a foreign ministry spokesman said. "The question of holding a referendum on the future of Tibet does not exist," he added.

The Dalai Lama raised the possibility of a referendum earlier this week, saying 14 years of talks with the Chinese had made no progress. "I may have no choice but to go in for a referendum of Tibetans, both inside Tibet and those outside, for them to discuss their options," the Nobel peace laureate said.

The foreign ministry spokesman reiterated that Tibet was "an inalienable part of China" and warned against any action that could undermine Chinese sovereignty over the Himalayan region. "Any attempt aimed at splitting Tibet from China will meet with firm opposition from the Chinese people, including Tibetans," he said.

Chinese troops took control of Tibet in 1959.

Foreign Investors To Train Staff in Universities

OW1005044294 Beijing XINHUA in English 0150 GMT 10 May 94

[Text] Xiamen, May 10 (XINHUA)—The Xiamen Taigu Aircraft Engineering Co. Ltd., jointly funded by Britain, Singapore, Japan and China, signed a contract with Xiamen University to set up a special course in plane repair.

According to this contract, Xiamen University is to train internationally recognized advanced engineering specialists for modern business aircraft repair to meet the needs of the company.

In recent years, with the increasing demand of advanced management personnel and special technical experts, many foreign investors have approached Chinese educational institutes for training their staff.

Along China's coastal areas, schools and the educational funds supported by foreign investors are increasing. Many universities have cooperated with foreign investors in training their staff by various means. Prominent

universities like Beijing, Qinghua and Fudan Universities are the first choices for advanced management personnel training.

It is calculated that the expenses in training advanced management staff in China is only about one percent of that in the United States.

At present, among the already operating foreign-funded enterprises, eighty percent of their management staff members are Chinese. Largely trained with funding from abroad, many have been assigned to other affiliations in other countries.

Columnist Views CPC, Corruption

HK1005035094 Hong Kong HSIN PAO in Chinese
6 May 94 p 26

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429): "Why Has Corruption Within the CPC Worsened?"]

[Text] Beijing, 4 May—Corruption is one of the biggest evils in Mainland China today. Perhaps in order to act on its promise to investigate and tackle serious cases, the CPC announced on 12 April the final verdict on the sensational and unprecedented financial swindle involving the Great Wall Company. Shen Daifu, the former president of the Beijing Great Wall Electric-Machinery Technology Company, was found guilty of corruption and bribery and sentenced to death; Li Xiaoshi, a former vice minister of the State Science and Technology Commission, was also found guilty of accepting bribes and corruption and received a 20-year jail term. That same day, RENMIN RIBAO issued an editorial stressing the maintenance of being alert to corruption in the long term, indicating the authorities' intention to wage another long battle against corruption.

Informed sources in Beijing revealed that the CPC's transformation of the drive against corruption into a long-term effort obviously has to do with the fact that corruption is becoming increasingly serious and is growing unchecked. There have been three onslaughts of corruption among Chinese officialdom over the last decade or so, each worse than the preceding one. The first occurred around the late 1970's and early 1980's on the crest of the first mercantile tide and took the form of abuse of power for monetary gain. The second saw rampant "official speculation" in the mid-1980's, and the third began in 1992 with the entry of power into the factors market and power-for-money deals, in which credit, securities, and property became "juicy gains" for corrupt officials.

Corruption among officials chiefly takes the form of overseas trips sponsored on public funds, reckless spending and waste, graft involving huge amounts of money, increases in the number of criminal gangs, consecutive offenses motivated by strong greed, and increasingly open and blatant power-for-money deals.

Corruption Within the Party Is in Fact Power Corruption

Even worse, some officials have absconded with money obtained through bribery and the abuse of power to foreign countries to live comfortable lives there. Some cadres sold highly confidential documents they spirited out of the country for huge amounts of money, causing enormous economic losses to the country and society and very bad political repercussions.

Increasingly rampant corruption became a target for criticism from all sides at the two sessions of the Eighth National People's Congress and the Chinese People's Political Consultative Conference [CPPCC] as deputies and members aimed at corruption with deafening volleys. The authorities responded by having Ren Jianxin, president of the Supreme People's Court, and Procurator General Zhang Siqing reveal details about investigations into corruption cases to the two sessions and announcing seven serious cases in hand: 1) the Li Xiaoshi and Shen Daifu cases in Beijing mentioned at the beginning of this report; 2) cigarette smuggling involving Wang Jianzhi, the former party secretary of Rushan City, Shandong Province, Liu Qishan, the former commercial bureau chief, and Fan Zhanwu, a former CPPCC member in the Weihai City Prevention Bureau; 3) the extraordinarily serious bribery and crime case in which five bureau chiefs and 10 office heads of the Minjiang Project Bureau of the Ministry of Power Industry accepted a 3 million [currency not specified] bribe; 4) the extraordinarily serious case of corruption, bribery, and misappropriation in which Gui Bingquan, grain bureau chief in Changtu County, Tie Lin, Liaoning Province, his deputy bureau chief Yang Maoyuan, and 23 others accepted a 2.5 million yuan bribe. 5) the case of Guo Zhengmin, head of Guizhou Province Public Security Department, accepting a 100,000-yuan bribe; 6) the bribery case of Chen Zhiwen, of Beijing's Changping County Procuratorate; 7) the case of Li Kainan, member of the Hubei Higher People's Court Judiciary Commission, who accepted bribes.

These seven serious cases show that corruption among mainland party and government officials is in fact power corruption.

Deng and Chen Urged High-level Authorities To Come to Grips With Corruption Sources said that worsening power corruption prompted the CPC to launch another anticorruption struggle in the summer of 1993, which was conducted under the direct command of senior CPC statesmen.

As soon as the anticorruption struggle began, Deng Xiaoping pointed out to the CPC leadership collective of the third generation: "There must be a correct estimate of the extent of corruption. Some say corruption is spreading Is it that serious? In my view, to a considerable extent, this estimate is accurate about some departments and areas. If the Communist Party can lead reform, it can surely lead the masses to stop corruption. The key lies in a firm attitude and a clear stand. We must not let

others take up the anticorruption banner and tasks. The Communist Party must do this job well. A few years ago, I said that it was necessary to correctly grab a number of corrupt elements and hit them and some big figures hard. Show no mercy to them, as long as they have committed a crime, however highranking they are—even cadres at the ministerial and provincial levels. Now, let us take a look: Are there cadres at the ministerial and provincial levels committing crimes? I think there must be. A few decades ago I put forward grabbing reform and opening up with one hand and hitting economic crime with another. This, like 'grabbing with both hands' and 'two hands equally tough,' was repeatedly brought up over the last few years. It seems we did right. We may have to persist in this for the next few decades or 100 years. In addition, we must also stress that the anticorruption efforts must be legislated for. Corrupt phenomena must be tackled with the legal system and legal weapons, so that the anticorruption effort can rely on law and will persist."

Later, Chen Yun and Peng Zhen also said that the Communist Party would not be able to do so again if it did not pursue the anticorruption struggle now. "Corruption eats into the foundations of the party and turns the party against the people. When the party is rotten and has no power to solve its corruption problem, other people will step forward and overthrow it as a corrupt phenomenon. We must be alert to the seriousness of this problem. Realistically, it is the biggest threat."

Under the prodding of senior CPC statesmen, CPC General Secretary Jiang Zemin made a startling speech on 28 February this year at the third plenary session of the Central Commission for Discipline Inspection on planning for anticorruption work. He said: "The problems uncovered by the anticorruption struggle are serious. Corruption has spread to many sectors of social life, especially to cadres in CPC party and government organs. Power abuse, embezzlement, fraud, stealing impounded goods, obstruction of justice, bribery, and graft have reached alarming proportions. The danger of the party and the country being toppled if we are not determined to fight this tough battle against corruption, is real enough." He also said: "We will be toppled if we do not handle the economy well. But—suppose the economy is doing well—we will still be toppled if corruption spreads, graft and bribery run amok, and the party is divorced from the people."

Unrestrained Power Invariably Leads to Corruption

All of this suggests that the high-level CPC authorities and senior statesmen are united in their attitude toward the anticorruption task and are equally determined. However, corruption has continued unabated and has even escalated recently in some sectors. Why?

A person in Beijing political circles pointed out that this has to do with the permanency of ruling status in Mainland China assigned to the Communist Party. He said: Such permanency gives the Communist Party a

superior sense of "being always in a ruling position" and prevents it from taking the erosion of its ruling position by corruption seriously. And when corruption becomes so serious that it finds itself unable to eliminate it completely, it starts worrying too much about its ruling status, so much so that it would rather cover up the seriousness of corruption in order to retain its secure position, and it will not allow outside political forces or social groups to question or challenge its power and mandate to rule over the corruption issue. It refuses outside supervision of any sort and forestalls the formation of restraining mechanisms. Power without supervision and checks invariably leads to corruption.

This person also said: The corruption of power within the CPC now has developed from "power-for-money" deals in the economic realm to "power-for-power" deals in the organization and personnel realms. So-called "power-for-power" deals refer to installing one's confidantes in official positions, forming cliques, removing outsiders, and turning one's department and system into virtual fiefdoms. They are even more harmful than "power-for-money" deals. Therefore, if a relatively independent supervisory organization is not set up, the struggle against corruption can only deal with symptoms and not the underlying cause. But if corruption, now the most serious social pollutant in Mainland China, cannot be weeded out, the CPC will not be immune to the danger of being toppled.

Correction to Draft Public Order, Land Laws Explained

OW0605122694

The following correction pertains to the item headlined, "Draft of Public Order, Land Laws Explained," published in the 6 May China DAILY REPORT, on page 14:

Column one, seventh paragraph, first sentence, make read: ...of real estate have been reformed. In 1992 after... (supplying dropped words)

Science & Technology

Nuclear Safety Standards Meet International Practice

OW0905161894 Beijing XINHUA in English 1554 GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—Experts from the International Atomic Energy Agency (IAEA) noted here today that China's National Nuclear Safety Administration (NNSA) has achieved the standards of usual international practice.

Prior to the conclusion of a fortnight visit to China, an international regulatory review mission from the IAEA stated that the NNSA has achieved these standards in the fields of structure, organization and resources, codes and regulations as well as in safety review, licensing and commissioning of nuclear power plants.

In its opinion, the approach taken by the NNSA for its development "can be used as a good example for other countries developing a new nuclear power program."

The seven-member group, led by Annick Carnino, head of the safety standards and co-ordination section, IAEA's division of nuclear safety, arrived here on April 23 at NNSA's invitation.

During the visit, the group had talks with NNSA officials in Beijing and visited Daya Bay Nuclear Power Plant in Shenzhen. The visit is IAEA's first review of China's regulatory practices in a decade, sources here said.

Morris Rosen, assistant director general for nuclear safety of the IAEA, told XINHUA here today that the invitation for a visit itself shows that the Chinese Government is open-minded and willing to have international cooperation in the area of nuclear safety.

The whole array of China's nuclear safety system is consistent with international practices, since China has based its legislation on NUSS [expansion unknown] safety series documents, Rosen said.

The set of codes and regulations of the nuclear power plants at Qinshan and Guangdong conform with international standards, he added.

The group advised its Chinese host to strengthen feedback on operating experience in nuclear power plants.

At a reception here this evening, Huang Qitao, vice-minister of the State Science and Technology Commission, expressed his thanks for the group's hard work and their recommendations and suggestions.

"These will help us to summarize past experience and make great contributions to the further enhancement of China's nuclear safety regulation, ensure safe operation of nuclear installations in China and the protection of the public and the environment," he said.

The Chinese Government pays much attention to nuclear safety, and "safety first, quality first" is the basic guideline for developing nuclear energy, said Huang, who is also NNSA director general.

"We will continue to work with governmental departments and organizations and continue to do our best to strengthen the cooperation with international organizations and foreign regulatory bodies and to improve nuclear safety regulation in China," he said.

Participation in International Aerial Radar Survey Noted

OW0905125394 Beijing XINHUA Domestic Service
in Chinese 1154 GMT 18 Apr 94

[By reporter Qin Chun (4440 2504)]

[Text] Beijing, 18 Apr (XINHUA)—At 1040 Beijing time today, the U.S. space shuttle Endeavor, carrying an image-forming radar, conducted an image-forming flight

over the North China Experimental Zone. At the same time, an aircraft-based synthetic aperture radar, developed by the Electronics Institute of the Chinese Academy of Sciences [CAS], made a synchronized aerial sweeping of the same zone. The China project group's work on the "Space Shuttle Image-Forming Radar Program", a large international scientific and technological cooperation program, had begun in an all-around way. It indicated that China has been among the world's advanced ranks in aerial radar survey of the Earth's surface.

Radar remote sensing is one of the advanced, high technologies in the world of the nineties. The image-forming radar on the space shuttle has a multi-wave-length, multi-polar, and multi-angle image-forming capability.

The survey of the Earth's surface by space-shuttle-based image-forming radar is a large international scientific and technological program sponsored by the United States. Thirteen countries, including Germany, Italy, Australia, Canada, Britain, France, and Japan, are taking part in the program. It represents the most advanced technological level of radar remote sensing in the world before the year 2000. It consists of 52 strictly appraised and carefully selected items. The item that China is in charge of is called the "China Scientific Research Project of Space-Shuttle-Based Image-Forming Radar," and the task is performed by the CAS's Remote-Sensing Application Institute, China's first-rate remote sensing research institute with an adequate technological force.

From the recent space shuttle Endeavor flight, China obtained 46 minutes of image-forming radar data, which is equivalent to the total data of 500 sets of encyclopedias. After the space shuttle Endeavor lands on 19 April, the China project group will process and analyze all the data, including dry sand penetrability, global change research, and geological, agricultural, forestry, and marine applications. At the same time, the group will join American scientists in researching the "Death Valley" super-radar experimental zone. The project will be completed in three years.

Participation in the large international scientific and technological cooperation program by the China project group will help China's remote sensing techniques converge with those of foreign countries. Moreover, application of the advanced survey data will actually benefit China in prospecting of natural resources and in environmental monitoring.

It is reported that the space radar laboratory—the space-shuttle-based image-forming radar—will be airborne again in August this year, and the China project group will continue to conduct real-time survey then.

Military

Li Peng, Jiang Zemin Propose Amendments to PLA Rules

OW0705055094 Beijing XINHUA Domestic Service in Chinese 0847 GMT 5 May 94

[Text] Beijing, 5 May (XINHUA)—Two motions on amendments to two regulations governing army building have been submitted to the Seventh Session of the Eighth National People's Congress [NPC] Standing Committee today for deliberation and approval. One is a draft amendment to the Regulations on the Military Service of Active-Duty Officers of the Chinese People's Liberation Army [PLA], proposed by Premier Li Peng and the Central Military Commission chairman Jiang Zemin; and the other is a draft amendment to the Regulations on Military Rank of the Officers of the Chinese People's Liberation Army proposed by the Central Military Commission chairman Jiang Zemin.

The proposal made by Li Peng and Jiang Zemin on amendment of the active-duty officer's military service regulations says: With the constant progress in reform and construction of the country and the army, some new circumstances and new problems have emerged with respect to the building of the PLA's officer corps. The modernization of the PLA in the new period necessitates higher standards for the officer corps. So, some articles in the "Regulations" are no longer adequate to meet the needs of new circumstances and new tasks, and it is necessary to make some amendment, supplement and improvement.

The proposal made by Jiang Zemin on amendment of the military rank regulations says: With further progress in reform and construction of the country and the army and with the smooth substitution of younger officers for the older ones in PLA's officer corps, particularly among high-ranking officers, some stipulations in the regulations are no longer in complete conformity with the reality of the officer corps, and some contradictions and problems happen during the course of their implementation. So, an amendment is necessary.

At the request of the State Council and the Central Military Commission, Yu Yongbo, member of the Central Military Commission and director of the General Political Department, made an explanation on the two proposed draft amendments. On the draft amendment to the active-duty officer's military service regulations, Yu Yongbo said: The regulations were adopted by the Third Session of the Seventh NPC Standing Committee on 5 September 1988 and were put in force on 1 January 1989. The guiding principle for the proposed amendment is based on Comrade Deng Xiaoping's thought on army building in the new period and on relevant instructions of the Party Central Committee and the Central Military Commission. It proceeds from the PLA's reality, properly draws on the experience of foreign armies and our local governments, and aims at making the leading bodies and the officer corps become more

revolutionary, younger in average age, better educated, and professionally more competent. It is designed to make the "Regulations" more conducive to maintaining a stable officer corps, to arousing enthusiasm among the vast number of officers, to the healthy growth of outstanding young officers, and to normal substitution of younger officers for the older ones in the leading bodies.

Yu Yongbo explained questions concerning the power of officer's job assignments and removal, procedures for officer's job assignments and removal, the age limits for active-duty officers on various levels of posts, officer's pay scale, and removal of officers from active duty status.

On the proposed amendment to the military rank regulations, Yu Yongbo said: Since they were put in force on 1 July 1987, the regulations have played an important role in perfecting the army cadres' work system, arousing enthusiasm among the vast number of officers, enhancing the PLA's cohesion capability, and promoting the revolutionization, modernization and regularization of the PLA. The guiding principle for the proposed amendment is based on Comrade Deng Xiaoping's thought on army building in the new period, as well as on the realities of our country and our army. Aimed at longterm army building, the proposed amendment is designed to meet the needs of modern army command and management, improve the officer's military rank system, specify more clearly officer's responsibility, harmonize the command relations, enhance the sense of honor and sense of responsibility among officers, arouse their enthusiasm, and promote the building of the officer corps in an all-round way.

Yu Yongbo also answered questions in connection with the proposed amendment. They included questions regarding officer's military ranks, the T/O [table of organization] military ranks for chairman and vice chairmen of the Central Military Commission, the T/O military ranks for various job posts held by members of the Central Military Commission, the T/O military ranks for various job posts of military, political and logistic officers, the T/O military ranks for various job posts held by specialized and technical officers, the waiting period for promotion from second lieutenant to first lieutenant, and the authority to approve promotion of officers in military rank.

Article Views Plan To Build Aircraft Carrier

HK0705080294 Hong Kong CHIEN SHAO in Chinese No 5, 8 May 94 p 20-23

[Article by reporter Lu Ti (7627 6611): "China's Progress in Secretly Building Aircraft Carrier"]

[Excerpts] Military Expenditure Increases by 10 Billion Yuan for Mysterious Use

At the Second Session of the Eighth National People's Congress, which was held in March this year, budgeted military expenditure increased by 20 percent over last

year to 52 billion yuan. Everyone knows that the CPC has cut 1 million troops from the Army over the past several years, and it is alleged that the cuts will continue this year, but military expenditure has greatly increased at the same time. Where is the money going? The CPC's official explanation is that they will greatly increase remuneration for officers and men, and, in particular, increase wages and benefits for senior military officers to allow high wages to sustain honesty, solve the problem of servicemen's living conditions, tackle the phenomenon where servicemen's living standards are lower than civilians as a result of economic reform, and upgrade servicemen's social status, which is far lower than before.

In fact, the above-mentioned explanation is a superficial reason. This 10 billion yuan cannot all be spent on "improving the standard of living of servicemen." A large portion of the money will be used to fund research and the manufacture of an aircraft carrier. [passage omitted]

Neither Affordable Nor Technologically Viable

Construction of an aircraft carrier involves combining the most advanced modern science and technology. Crucial problems, such as ship-borne aircraft, antisubmarine technology, and air defense radar, are the weak links of military technology in China, and judged from current standards, it seems that a breakthrough will not come easily. Therefore, although China can produce 10,000-ton cargo ships, it cannot build an aircraft carrier.

In its attempts to buy one, China has already contacted several countries, and a case widely known to the international community was the negotiations to purchase one from Ukraine. After the disintegration of the Soviet Union, Ukraine, one of the former republics, told the CPC it was willing to sell an unfinished aircraft carrier to Beijing. Tian Zhen, president of China's Naval Command College, led a delegation to bargain with Ukraine, which had asked for \$2.4 billion. For a "Kuznetsov" class aircraft carrier, which has strong attack ability and good self-defense capability, this price should be considered fair to the Chinese Navy, which still does not have the ability to build and organize an integrated task force, this type of Soviet aircraft carrier, which has a very strong combat ability in itself, is perhaps more suitable than a U.S. aircraft carrier.

But they failed to sign an official contract on the deal in the end. Minister of defense, General Chi Haotian, said during a trip to Malaysia that this was because China's defense budget did not have the money to buy it. Price was perhaps one reason, but the main reason, according to sources, was that Russia refused to provide the electronic equipment needed for the ship. During a trip to the United States, Ivan Plyushch, chairman of the Ukrainian Supreme Soviet, was asked about the sale of the aircraft carrier "Varyag" to the Chinese Navy, and

he categorically denied the deal. The issue of purchasing an aircraft carrier has subsided since the denials by both sides.

Purchase of a Retired and Damaged Australian Ship at Low Price

After the negotiations with Ukraine ran aground, China contacted the Australian military and bought a small, retired aircraft carrier from them. Because it was bought at the price of "scrap steel from a dismantled ship," the price was ideal. Not only was this ship very old, but it was also weak in combat ability, and hence, was dumped at Guangzhou's Huangpo Military Academy, for the viewing pleasure of naval officers and personnel specializing in research on aircraft carriers, and for the first time a real aircraft carrier had been provided by China's military to relevant personnel for technological research. For communist China's research personnel, who had only seen pictures of such a huge vessel, this retired Australian ship was first-hand teaching material.

Internal Exhibition of Defense Weapons Frustrates People

The lack of knowledge of aircraft carriers within the Chinese military can be illustrated by the following incident.

In November 1990, a military museum in a western suburb of Beijing held an internal "exhibition of the most advanced defense weapons," and the organizers were the General Staff Headquarters and the State Commission of Science, Technology, and Industry for National Defense. The exhibition was only open to senior military officers, industrial circles, and important political figures.

During the exhibition, a model of an aircraft carrier and models of an carrier-led task force attracted a large number of visitors, among them Air Force Commander Wang Hai and Navy Deputy Commander Li Jing, as well as Ding Henggao, Xie Guang, and Ye Zhendai, who are respectively minister and vice minister of the State Commission of Science, Technology and Industry for National Defense. The visitors learned that the construction of a carrier-led task force not only required various technologies, but also a handsome amount of money. Even the construction of a task force led by a medium-sized Soviet "Kiev-class" aircraft carrier would require more than 5 billion yuan.

A guide at the exhibition gave a detailed explanation of the aircraft carrier concept and the necessary support facilities; afterwards, the visitors, who included the most senior military officers in communist China, realized that the construction of an aircraft carrier is never simple and that it was a far cry from the current technology level possessed by Communist China.

"Walking on Two Legs"

To buy, no money; to build, no technology. Facing this reality, the CPC decided to "walk on two legs," that is, on the one hand, continue contacts with foreign arms dealers, negotiate the purchase of an aircraft carrier and supporting weapons and facilities, and buy little by little; on the other hand, muster military experts, scientists, and technologists to tackle "key problems" in researching and manufacturing an aircraft carrier.

CPC's Ultimate Goal Is To Build Aircraft Carrier Itself

Since the 1980's, in the area of weapons purchases, the CPC has obviously laid emphasis on facilities related to aircraft carriers. As early as 1985, the Chinese Navy bought the "DUUX-5 Sonar" from France, and used it in its nuclear-powered ballistic missile submarines and research on carrier-based antisubmarine technology. In 1986, Communist China purchased "towed array sonar" from the United States; and in 1988, it approached the Italian military in an attempt to buy a comprehensive sonar combat system and multifunctional control board from the Italian Navy. The above-mentioned activities were all carried out before the CPC formulated its long-term plan to develop an aircraft carrier, and this shows that from the very beginning, the CPC has inclined to build a series of aircraft-carrier-type weapons and equipment itself and has strengthened research in this area.

According to information disclosed by sources, in the process of manufacturing a series of weapons and equipment for aircraft carriers, the weakest technological links facing the CPC are early warning aircraft and air-to-air refueling.

During the Gulf war, the United States' E-2C early warning aircraft successfully directed Saudi Arabian fighters to shoot down two Iraqi Mirages in just 10 seconds. This U.S. early warning plane has since become a model for similar kinds of aircraft, and the CPC has frequently hinted at its interest in this kind of aircraft to the U.S. Government and military. But because of the significance of the matter, which is too sensitive, and out of global strategic considerations, the United States has never agreed to the CPC's requests.

With no way to go, the CPC approached Britain, saying it was interested in buying the "Nimrod" anti-submarine early warning aircraft, which was still under research. Research on "Nimrod" has already cost the British Government 900 million pounds, and the test results still fail to satisfy the military. Mrs. Thatcher became angry and ordered a halt to the testing, and went to the United States to buy readily available early warning planes. Then, the CPC came and said it was interested in buying the plane, and the suggestion was undoubtedly a chance for Britain to revive the project, which made the British Government and arms manufacturers extremely happy. But the matter has been stalled for several years, and there is still no result. If an agreement cannot be reached, perhaps the reason stems again from the CPC's "political

considerations," and it seems that the intensifying political row in recent years between China on the one hand, and Britain and the Hong Kong government on the other hand, has caused the CPC drop its intention to purchase.

Aircraft Carrier Overall Planning Group Drafts Overall Plan

In order to meet the need of the overall plan to develop an aircraft carrier, a few years ago, the CPC founded a group to take charge of the development of an aircraft carrier; the group was headed by Liu Huaqing, a former commander of the Navy and vice chairman of the Central Military Commission, and included senior naval officers, such as Navy Commander Zhang Lianzhong and Deputy Commander Xing Yongning.

According to information revealed by internal circles, at present, the group has decided to use the Chinese-built J-8 II fighter planes as ship-borne aircraft and the J-6 as an air-to-air refueling aircraft. The J-8 II, after its successful landing on a simulated deck at Lushan Naval Base in April 1987, has been chosen as one type of ship-borne aircraft, however, according to information, the CPC is carrying out research on another type, which is lighter and has all-weather capability and more advanced avionics, to replace the J-8 II in the future. Although the J-7 fighter bomber, which is equipped with British-made "Spey" engines and navigational systems, the "Yingji 8" air-to-surface guided missiles, and the "C-101" anti-submarine guided missile, was a new product of the Xian Aircraft Company in 1987, the CPC authorities only list it as a naval "shore-based aircraft" and do not consider it a ship-borne aircraft; this indicates that the military probably has a better type of ship-borne aircraft under research or being built.

CPC Begins Propaganda for Building Aircraft Carrier

The military disclosed that not long ago, the first "naval work meeting" since the founding of communist China was held in Beijing, where the senior level reviewed naval policy and fixed the Navy's development strategy for the 1990's and the early 21st century. Within that plan, the development and construction of an aircraft carrier was set as the main military goal of the early part of the next century.

Recently, in order to support the arrangements of the senior level, relevant magazines on the mainland have carried articles on aircraft carriers to show support from "public opinion." HAIYANG ZHISHI [Ocean Knowledge] specifically opened a column on the issue of "China's aircraft carriers" to discuss the necessity of building China's own aircraft carriers; HANGHAI [Navigation] said that "letters and submissions come from every corner of the country" "suggesting the construction of China's aircraft carrier." This is to show the people's extensive support for the CPC's plan to build an aircraft carrier. A person in charge of propaganda for national defense in communist China wrote down his wishful thinking: "If we buy an aircraft carrier from a foreign country, we will have to pay \$4-5 billion, and this

is obviously impossible. However, if everyone in China gave 4 yuan, then 4.4 billion yuan could be collected from across the country, and this could build a 40,000-ton medium-sized aircraft carrier for the Navy, as well as a task force which could fight." This may be the true reason why the CPC has carried out propaganda. Once again it wants to appropriate military expenditure from the people in a disguised form.

"Century-Transcending Personnel" Are Being Trained

On the other hand, the training of senior officers for an aircraft carrier is busily underway. The diary of the commander of the North Sea Fleet, now no longer viewed as classified information, shows that at Lushun Naval Base in April 1987, "today naval airmen will practice landing and taking off on a simulated aircraft carrier flight deck." "Chief test pilot Li Guoqiang has spent the past two years preparing for this project."

In 1988, Guangzhou's Naval Shipping Institute opened a "class to train flying teams for the fleet," to make plans to train senior personnel such as captains. The president of the institute, surnamed Yao, said that the selection of a captain for an aircraft carrier from among the ranks of excellent pilots was a brand new concept, as well as one which was unprecedented in the naval academies. The future captain of an aircraft carrier could not just know about ships and not about flying. Yao, who is a rear admiral, confirmed that this unprecedented method had been proposed by Liu Huaqing, vice chairman of the Central Military Commission, and had won unanimous consensus among those in charge of the Navy.

As an expedient measure before an aircraft carrier is available, the CPC began work in 1988 to build a naval base on Yongxing Isle, one of the Xisha Islands, and this will reduce the voyage from the mainland to the Nansha Islands [Spratlys] by half, to 600 km. Although the naval base on Yongxing Isle is mainly designed to strengthen sovereignty over the Nansha Islands, if the CPC really has its own aircraft carrier by the early part of the next century, then Taiwan, across the Strait, will be the first to feel the repercussions, and perhaps this is also one reason why the CPC is so eager to build a carrier.

Article Views Placement of Demobilized Officers

HK1005102194 Beijing JIEFANGJUN BAO in Chinese 4 Apr 94 pp 1, 2

[Article by Cao Zhenxi (2580 2182 6007), Sheng Zhenxian (4141 4176 6343), and reporter Qiao Linsheng (0829 2651 3932): "Zhongnanhai's Deep Love—A Record of Party and Government Attaching Importance to the Work of Placement of Transferred Military Cadres"]

[Text] The "second employment" of retired officers—an important task which has lasted for nearly half a century following the republic's founding.

No matter how we write our history and how we plan our future, we will not forget that everyone, ranging from leaders of the republic to ordinary functionaries, and every unit, ranging from senior government and Army organs to placement departments at all levels in various localities and Army units, have devoted their enthusiasm and energies to enabling millions of officers, who have fulfilled the glorious task of defending our motherland, to "transfer their battleground" smoothly, so that each of them is properly provided for and lives and works in peace and contentment.

In this account, we, as witnesses of the work, set down a true record of the key activities and relevant historical facts over the past few years showing how our party and government were concerned about and set store by the work of placement of demobilized officers.

1. As long as you pay a little attention, you will find that from 1990 on, senior party and government leaders were present and delivered speeches at almost every important activity on the work of placement of demobilized Army officers.

Officers must retire after a certain number of years of service, as is the case in every country of the world. In both developed and developing countries, the issue of placement of retired officers occupies an important place in state affairs. In our country, proper placement of Army officers transferred to civilian work is an important system of our party and government.

The first officer demobilization order following the PRC's founding was signed by Chairman Mao Zedong. The first director of the central committee for changing jobs and construction was Premier Zhou Enlai. The founders of the republic were circumspect and farsighted, they devised good strategies, elaborated the key principles of placement of demobilized Army officers, and drew up a series of placement policies and measures so that the work, which affects a great deal of the social fabric, was done in an orderly way and step by step with a good beginning and solid foundations.

Full-scale reconstruction was to be carried out after the Cultural Revolution. Comrade Deng Xiaoping, nucleus of the second-generation leadership, made historic contributions to the resumption and development of the system of placement of demobilized Army officers, which had been suspended for a decade. Following the Third Plenary Session of the 11th CPC Central Committee, he brought order out of chaos and decisively rectified the problem by which 410,000 Army officers were mistakenly handled and demobilized from 1969 to 1975.

Times change but we are carrying forward the cause pioneered by our predecessors and forging ahead into the future. The third-generation leadership with Comrade Jiang Zemin as the core, while bearing the great cause of national reform in mind, is often concerned about the current situation and the future of the work of placement of demobilized Army officers and constantly carries

forward under the new situation the fine tradition of veteran proletarian revolutionaries attaching importance to the work of placement of demobilized Army officers.

As long as you pay a little attention, you will find that from April 1990 on, senior party and government leaders were present and delivered speeches at almost every important activity on the work of placement of demobilized Army officers. The written instructions given by General Secretary Jiang Zemin and Premier Li Peng on documents related to placement of demobilized officers, which were conscientious and to the point, were clearly seen. Last year alone, General Secretary Jiang four times gave important instructions on the work of placement of demobilized Army officers.

In particular, the two scenes in which General Secretary Jiang requested local party committees and governments to do well the work of placement of demobilized Army officers are unforgettable, moving, and inspiring. The first occasion was on 10 April 1990. The international situation then was turbulent and volatile, while our country was confronted with many new domestic conditions. Comrades in the Army and those in various localities worried about whether or not proper arrangements could be made for over 30,000 officers transferred to civilian work that year and whether or not the work could be done on time. That day, at 1500, General Secretary Jiang, who wore a Chinese tunic suit, and other central leading comrades came to the assembly hall where the National Work Meeting on Placement of Demobilized Army Officers was being held. General Secretary Jiang said with deep feeling: With so many years of trials, our Army officers are of good quality and have a fine tradition of engaging in ideological and political work, and such talents are needed to fill various local posts. On the other hand, there are still many specialized talents in the People's Liberation Army [PLA], and we should try our best to make proper arrangements for this group of demobilized officers so that they can become the backbone of various trades and professions. I request all of you to make concerted efforts to accomplish this work. His voice was so sonorous and forceful that it struck deep in every comrade's heart like drumbeats. In consequence, the work of placement of demobilized officers proceeded very smoothly that year.

The second occasion was on 19 May 1993. That year, the Army implemented the CPC Central Committee and the CPC Central Military Commission's strategic policy decision of restructuring and streamlining the establishment, and nearly 6,000 officers were transferred to local civilian work. Likewise, efforts were made to start implementing the restructuring of local party and government organs and arrangements had to be made for a number of redundant personnel. It can be understood how difficult the work of placement of demobilized Army officers was. Bearing in mind that Army restructuring and streamlining is a major and very onerous task which the Army itself must make great efforts in and which the party and the state must extend vigorous support to, General

Secretary Jiang Zemin came to the conference hall again and delivered a speech full of enthusiasm at a time when the annual National Work Meeting on Placement of Demobilized Army Officers was being held:

From the day they enlist in the Army, our Army officers work very hard for our national defense and defense construction. When these comrades are transferred to civilian work, the state must make appropriate arrangements for them in a responsible manner. Hence, we must further mobilize everyone to support the work, because whether or not good arrangements are made for these officers will have a great bearing on the stability of our society and our Army as well as on our country's overall economic construction. Therefore, to put it in a nutshell, I request you accomplish the work! Moreover, when you return to your units, please report to your party committees the message that we request your local party committees at all levels to make good arrangements for demobilized Army officers.

The audience burst into prolonged thunderous applause, which conveyed to General Secretary Jiang the determination and confidence of those engaging in the work of transferring Army officers to civilian work and which conveyed to the CPC Central Committee, the state Council, and the Central Military Commission the most sincere tribute and gratitude of officers and men.

The general secretary's request was transmitted to all quarters, just like great waves radiating from a rock. Various provinces, autonomous regions, and municipalities took action, as did various prefectures, cities, and counties. By the end of 1993, 60,000 demobilized officers, along with over 17,000 family members, were assigned to their respective posts around our motherland.

2. Our party and government always remember the sacrifices and contributions made by demobilized Army officers for the cause of socialist construction.

Nearly 3 million Army officers have been successively transferred to localities since our country was founded more than 40 years ago. They are still carrying forward our Army's honorable tradition and fighting to their last breath on all fronts in our motherland, thus adding a glorious chapter to their undisputed contributions to our party and our people. Zhao Dongwan, former minister of personnel, once enumerated demobilized Army officers' illustrious achievements in the cause of socialist construction:

During the period of national economic restoration, over 300,000 Army officers took off their uniforms and turned themselves into a large contingent engaging in railway construction, irrigation works, forestry, and the petroleum industry in our motherland. They also turned themselves into building units and troops stationed to open up wasteland. In the spring of 1958, 100,000 demobilized officers and men trod ice and snow and moved into the great northern wilderness. After over 30 years of arduous efforts in pioneering work, they built up

our country's key commodity grain-producing base on land with no sign of human habitation. In the early sixties, another group of 130,000 selected outstanding grass-roots Army officers were transferred to the commercial front and made important contributions to economic development and the guarantee of supply. From 1985 to the present, 100,000 demobilized officers have been assigned to public security, judicial, and procuratorial departments and to courts; 180,000 have been assigned to industrial and commercial, taxation, and financial departments; 85,000 have been assigned to key state construction projects and newly established and expanded units; and 90,000 have been assigned to education, scientific research, cultural, and public health departments. Among them, 75,000 have been elected model and advanced workers by units at and above the county level; 5,200 have been elected outstanding entrepreneurs; 158,000 have been elected outstanding ideological and political workers; and 154,000 have assumed posts at and above the county and department levels or the equivalent. We can say that the footprints of demobilized Army officers' struggles have been left everywhere in our motherland's history of starting undertakings and that their painstaking efforts are reflected in the achievements scored by various trades and professions.

Our party and government always remember the sacrifices and contributions made by demobilized Army officers for the cause of socialist construction. In October 1991, the National Meeting on Commending Model Demobilized Army Officers was solemnly called with the approval of the State Council and the Central Military Commission, and 213 national model demobilized Army officers happily gathered in Beijing and were commended by the state and the people. This was another grand gathering held since our motherland's founding wherein a large number of model demobilized Army officers was commended.

During the commendation meeting, State Council Premier Li Peng spared time to meet model workers. On the afternoon of 22 October, it was close to 1700 after Comrade Li Peng had completed his meeting with the last group of foreign visitors, but he did not care about his tiredness and hurried to the conference hall. As he walked, he kept saying: "I am sorry to make you all wait a long time." He said cordially: First of all, on behalf of the CPC Central Committee and the State Council, I convey to you our heartfelt congratulations on the outstanding achievements scored at your respective posts. In his speech, which was full of enthusiasm and commendation, Premier Li stressed: "Due to the good training they received in the Army, demobilized Army officers have a higher political quality. They have also mastered a good many skills while undergoing the dual-purpose talent training in the Army. The CPC Central Committee and the State Council always hold that demobilized Army officers are an important force in socialist modernization. As proved by practice, demobilized Army officers have been playing a very good role on every socialist front." He sincerely wished everybody to

continue carrying forward our fine tradition, to maintain our honor, and to make further new contributions.

The successful convening of the commendation meeting evoked strong repercussions in the Army and in various localities and played a very good role in bringing about good practice in society of understanding and showing respect for demobilized Army officers and extending support to the work of placement of demobilized Army officers.

Now, on the land of the republic, no matter where they are, demobilized Army officers are developing eye-catching undertakings; and no matter which profession they are in, demobilized Army officers are creating glories of revitalizing our motherland.

3. Under the condition of developing a socialist market economy, should we or should we not uphold the guiding ideology of "two services" in the work of placement of demobilized Army officers? the central leadership "put it in this way."

The guiding ideology of the work of placement of demobilized Army officers, which was established by Mao Zedong and Zhou Enlai and which we have upheld for several decades, is to "be subordinate to the needs of state economic construction and defense construction and to merge the two into an integrated whole. Should we or should we not uphold it under the condition of developing a socialist market economy?"

On 13 November 1993, after listening to the report made by Yu Yongbo, director of the PLA's General Political Department, Hu Jintao, standing committee member of the central CPC Political Bureau and member of the central CPC Secretariat, said to Lu Feng, head of the Organization Department under the CPC Central Committee, and Minister of Personnel Song Defu, who were present: Should the guiding ideology of the work of placement of demobilized Army officers be through "one service" or through "two services"? In my view, "two services" is still better. The work of placement of demobilized Army officers must serve economic construction and reform and opening up, but, at the same time, it must help consolidate the stability of the Army, since without a reliable guarantee of security, we cannot achieve success in economic construction. Leading comrades at the central level "put it in this way." A comrade engaging in the work of placement of demobilized Army officers said with deep feeling: "As far as the work of placement of demobilized Army officers is concerned, it is as if we are shouldering two burdens at the same time, with one end tied to the state and the other tied to the Army, and consideration must be given to both!"

As far as the task of serving defense construction is concerned, making arrangements for demobilized Army officers and straightening out the channel for "exporting" Army officers is essential to realizing the supersession of old officers by new ones, improving the quality of our Army, and enhancing our Army's combat strength, because over 90 percent of Army officers are faced with

the problem of transference to civilian work. Liu Huaqing, vice chairman of the Central Military Commission, once said that good placement of demobilized Army officers has extremely important significance. It is beneficial to make arrangements for demobilized Army officers because they also possess a number of favorable conditions. Most of them once studied in military academies and have a high level of education. Officers holding posts in divisions and regiments, who once tempered themselves at the grass-roots level, have rich working experience and good political quality. After their transfer to various localities, some of the Army officers originally holding posts in divisions and regiments are still young compared with some local cadres, and it is precisely the time to bring their abilities into play. Hence, it is really a matter of vital and lasting importance to make good arrangements for and to make good use of them. As far as the task of serving state economic construction is concerned, demobilized Army officers are an important source of local cadres and an important force in socialist construction of the "two civilizations." The fact that group after group of Army officers are being transferred to various localities not only invigorates the contingent of local cadres but is also beneficial to our country's reform, development, and stability. As General Secretary Jiang commented, it will not work if none of the local cadres has any military knowledge. Some of the outstanding Army officers may be overage in the Army, but certain arrangements can be made to transfer them to various localities.

A review of the history of the work of placement of demobilized officers can show that our party and government always uphold the guiding ideology of making the work of placement of demobilized officers serve defense and economic construction. It has become the foundation for reaching a common understanding between various sectors, the basis for formulating policies and stipulations, and the yardstick for measuring the results of the placement work. No matter what changes the objective situation undergoes, we will steadfastly uphold the guiding ideology.

4. Our party and government have been, as always, making appropriate arrangements for demobilized officers and bear responsibility for them to the end, and the state and local governments at all levels have invested a great deal of manpower, materiel, and financial resources in this respect.

There are so many things to consider regarding the work of placement of demobilized Army officers, but the ultimate aim is to make appropriate arrangements for demobilized Army officers.

On the morning of 26 March 1990, General Secretary Jiang visited the PLA delegation present at the Third Session of the Seventh National People's Congress [NPC] and took part in the discussion. Wang Aiwu, deputy from the frontier guards in Heilongjiang, reported on the situation of making arrangements for demobilized officers, and his remarks attracted the

attention of General Secretary Jiang, who jotted down notes while listening to Wang's speech. During a break in the meeting, he asked leaders of the Central Military Commission on the spot about the situation concerned. On 10 April, he thought about this matter again when receiving delegates to the National Work Meeting on the Placement of Demobilized Army Officers. He said: Not long ago, I took part in the meeting of the PLA delegation present at the NPC session and heard a report on the placement of demobilized servicemen, and I do have some ideas. Since our country's economy is, after all, not very strong, therefore, certain difficulties still remain in defense construction and in placement of demobilized servicemen. We must conduct some surveys to see how the work can be improved under the existing economic strength and conditions.

After General Secretary Jiang had made the remarks, the CPC Central Committee's Organization Department, the State Council's Ministry of Personnel, and the General Political Department immediately studied ways to solve the job arrangement problem of demobilized officers. In a short span of two months, they formulated and issued to lower levels the "Circular on Accomplishing the Work of Assigning Demobilized Regimental Officers to New Posts," that is, the "Document No. 3" well-known to Army officers. The document laid down concrete stipulations on jobs assigned to Army officers transferred to various localities in light of the duration of their active service and the extent of their contributions. That year, a number of measures were taken by various localities, including assigning Army officers still in active service to civilian posts, allowing them to work in localities before they had been formally demobilized, and reserving civilian posts for them in advance. As a result, 95 percent of over 2,000 officers with regimental duties satisfying the job-arrangement conditions were assigned to corresponding posts; while the situation of arranging jobs for other regimental officers was also markedly improved, since the percentage for which corresponding posts were arranged increased by 35.8 percent.

Leading comrades of the CPC Central Committee and of the Central Military Commission also set much store by the situation in implementing the policy on placement of demobilized Army officers. Last year, due to the large number of demobilized officers or for other reasons, a small number of localities did not implement the policy of arranging jobs for demobilized regimental officers. After learning of this situation, General Secretary Jiang Zemin instructed leaders of the General Political Department to make a report directly to Comrade Hu Jintao. On 27 November 1993, Zhang Zhen, vice chairman of the Central Military Commission, wrote comments on materials reflecting the problem and instructed relevant departments to immediately study ways to solve it. With joint efforts by the Army and local authorities, the problem was solved step by step.

Our party and government leaders are very much concerned about the difficulties faced by officers and men

stationed for a long time in areas where conditions are hardest, such as the border, islands, highlands, and deserts, as well as the placement problem after their transfer to civilian posts. The leaders have repeatedly instructed departments concerned to study and solve the problem by working out relevant policies which show the solicitude of our party and government for them. The stipulations introduced in April 1990, which concerned recruiting and taking care of demobilized officers serving in the Army for a long time, occupying senior posts, and making great contributions to the Army, were precisely the outcome of the guiding ideology. The implementation of these stipulations fully embodies our party's principles of appointing people on their merits with the focus on concrete achievements in the work of placement of demobilized officers, which is a very great inspiration to demobilized officers as well as comrades still serving in the Army.

In recent years, our party and government have been, as always, making appropriate arrangements for demobilized officers and bearing responsibility for them to the end, and the state and local governments at all levels have invested a great deal of manpower, materiel, and financial resources in this respect. Taking housing as an example, the state, under a tight financial situation, has successively increased subsidies for building houses three times. Incomplete statistics show that a total of 1.3 billion yuan of state subsidies have been granted to various localities for building houses for demobilized officers.

We cannot calculate, in detail, how much labor our society has expended on the placement of demobilized officers. We can only acclaim the work as a grand social project with Chinese characteristics.

5. The time for restructuring the work of placement of demobilized Army officers is becoming ripe, and the pace of reform is gaining momentum.

The times are forging ahead and our society is undergoing changes. Centering on the goal of establishing a socialist market economic system set by the 14th CPC Congress, all trades and professions are making more efforts in implementing their reforms and accelerating the pace of reform. People are particularly concerned about how to adjust the work of placement of demobilized Army officers to the reform of the whole country and how to introduce new measures of placement. Departments concerned cannot, so far, furnish conclusive answers to these questions, but we can see from a series of instructions issued by leading comrades at the central level that the train of thought in reforming the work of placement of demobilized Army officers is very clear.

As far as the method of assignment is concerned, leading comrades at the central level unequivocally point out: Mandatory planning must undergo some changes and adapt itself to the situation of market economy, but for some of the officers who still fail to be assigned to new

posts even after two-way choices, the state must make arrangements for them. Never can the state leave them out and make them feel abandoned by merely laying stress on the market economy.

As far as work arrangement and living conditions are concerned, leading comrades at the central level emphasize: No matter how far our reform goes, our ultimate aim is to help demobilized officers settle in their proper places and to ensure that they can be assigned work commensurate with their qualifications and competence. Their pay and fringe benefits must be guaranteed.

As far as improvement of the quality of demobilized officers is concerned, leaders of the Central Military Commission point out time and again that we must conscientiously implement a series of important instructions on training talents capable of serving in the Army and in localities issued by Comrade Deng Xiaoping. Early last year, Zhang Zhen, vice chairman of the Central Military Commission, stressed when inspecting the troops stationed in Fujian: We must strengthen officers' on-the-job training and let them learn more scientific and cultural knowledge and master certain economic and management know-how so that they can adapt themselves to the requirements of Army construction and can also meet the needs of socialist modernization and have a certain level of competitive power after transferring to civilian posts.

As far as legal construction is concerned, Vice Chairmen Liu and Zhang of the Central Military Commission repeatedly point out that we must begin with further establishing and perfecting rules and regulations to dispel officers' worries in retirement and placement and to gradually perfect the mechanism of protection, thus enabling the work of placement of demobilized Army officers to develop in a form involving law and system in a standardized way.

At present, the time for restructuring the work of placement of demobilized Army officers is becoming ripe, and the pace of reform is gaining momentum. Let us look at the following pieces of heartening news:

The State Council Work Group for Placement of Demobilized Army Officers called a meeting on 2 March 1994, which decided that we must pay great attention to drafting the "Interim Regulations on the Work of Placement of Demobilized Army Officers" and strive to complete it within this year.

This year, in order to meet the needs of making state talents mobile, restrictions on demobilized officers transferred to civilian work will be relaxed. Demobilized officers stationed in medium-sized and small cities along with their spouses are allowed to be assigned to the same areas or nearby localities; while some demobilized officers having specialized knowledge are allowed to be assigned to other provinces and regions.

This year, we will further broaden placement channels and perfect assignment methods to better serve personnel units and create conditions for demobilized officers' voluntary job selection.

This year, in order to adapt ourselves to the new situation of reforming the Army and local pay system, we will draw up new regulations on the method of transforming the pay scale of demobilized officers on the principle of not allowing their pay and fringe benefits to be lower than those enjoyed by local cadres in corresponding grades.

Appropriate consideration will be given to demobilized officers joining the contingent of state civil servants. For demobilized officers at the regimental grade who join the contingent of state civil servants, the method of selection and transfer will be adopted; whereas for demobilized officers below the battalion grade who enter party and government organs and take up nonleadership posts below the director grade, only the method of recruitment through examination will be tried among officers transferred to civilian work within that year.

In order to gradually take the path of solving the housing problems of demobilized officers through multiple channels and forms, the State Council Work Group for the Placement of Demobilized Army Officers and other departments concerned have resorted to a number of methods on a trial basis in localities with adequate conditions, including raising funds for building houses in a coordinated manner, assigning them to civilian jobs with housing allowances, encouraging them to build their own houses while providing government assistance, and selling houses to them on preferential terms.

All these situations show that as far as the work of placement of demobilized Army officers is concerned, the policy will become more and more perfect and the path will become broader and broader.

Our dear comrade-in-arms, the CPC Central Committee, with Comrade Jiang Zemin as the core, is concerned about demobilized officers, who are welcomed by local party committees and governments at all levels and the masses and needed by the undertaking of socialist construction. There is no need for us to worry about their "way out." On the contrary, we must fully understand our state's problems, conscientiously submit ourselves to the overall situation, and attach importance to our people's interests. As long as we live up to our party's and our people's ardent expectations, we must definitely be given new fields to fully exhibit our talents and strengths on all fronts of reform and opening up once we have fulfilled our task of defense.

As far as the work of placement of demobilized Army officers is concerned, an extraordinary decades-long course has been traversed, with a good deal of effort made and great achievements scored. We may be confronted with many new situations and many new problems and have to shoulder heavy responsibilities in the days to come. However, we firmly believe that the work

of placement of demobilized Army officers will definitely have a brighter future.

Economic & Agricultural

Li Lanqing Urges Quality Control Over Exports

OW0905131394 Beijing XINHUA in English 1238
GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—Chinese Vice-Premier Li Lanqing urged responsible state departments here today to further strengthen inspection of import and export commodities, so as to resolutely prevent substandard products from being exported.

The vice-premier cautioned that quality is not only essential to the survival of enterprises, but also has much to do with the country's prestige. It is an important matter concerning China's economic and social development.

Li asked inspection staff and business executives to be more conscious of the importance of vitalizing the country by producing top-quality products. He urged enterprises to be more meticulous with the quality of products they manufactured and advised the inspection staff to be more resolute in checking inferior export products.

The vice-premier also demanded wider inspection coverage and a higher inspection rate of import products, in a bid to reduce losses to the greatest possible degree for both the country and domestic enterprises.

He still stressed the necessity of cooperation and technological exchanges with other countries, which he said will help Chinese inspection institutions conform to international practices.

Trade Ministry Regulations on Antidumping Suits

HK1005060094 Beijing GUOJI SHANGBAO in Chinese 12 Apr 94 p 2

["MOFTEC Regulations on Responding to Lawsuits From Overseas Concerning Antidumping Cases Against Chinese Export Goods"]

[Text] Article 1. In order to safeguard the legitimate interests of production and export enterprises in our country, maintain our country's export markets, and accomplish the work of responding to overseas lawsuits on antidumping cases involving our exports, the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) has specially drawn up these stipulations. Article 2. When antidumping charges are brought against Chinese exports, respondents to lawsuits should be:

1. Enterprises authorized to engage in foreign trade and with exported goods (including transshipment) during the period of investigation to countries or regions which bring charges against the goods, and

2. Enterprises producing export goods referred to by section one.

Article 3. All import and export chambers of commerce or foreign-invested enterprise associations (chambers of commerce or associations) are responsible for organizing and coordinating the work of responding to lawsuits on antidumping cases and should appoint personnel with professional skills to be in charge.

When only a minority of enterprises produce or export products accused of being dumped abroad, chambers of commerce or associations can appoint one unit to be responsible for organizing and coordinating overseas lawsuits. However, chambers of commerce or the associations should constantly have a grip on the progress of the work and open the necessary files.

Article 4. When a certain product is accused of being dumped abroad, chambers of commerce or associations should promptly issue notices in GUOJI SHANGBAO, and those who are going to respond to the charges should immediately inform departments, commissions, and bureaus of foreign economic relations and trade (local foreign economic relations and trade commissions) and chambers of commerce or associations concerned in their provinces, autonomous regions, municipalities, or cities specially listed in the state plan.

Article 5. Respondents to lawsuits should, in accordance with the requirements of the questionnaire, provide data and information on the products concerned during the period of investigation, such as prices, production quantities, exports, and production costs, and should appoint special personnel to be in charge of the work of responding to lawsuits, checks, and re-examinations.

Article 6. During the response period, respondents should be subordinate to coordinated arrangements made by the local foreign economic relations and trade commissions and the chambers of commerce or associations.

Article 7. Chambers of commerce or associations should promptly report respondents' names, phone numbers, addresses, fax numbers, and list of contacts to MOFTEC.

Article 8. Respondents should pay lawyers' fees and other relevant charges on time in accordance with the percentage of export goods under investigation during the period of investigation.

Article 9. Entrusted by respondents, chambers of commerce or associations are in charge of organizing the work of responding to overseas lawsuits, and they can also retain foreign lawyers who understand China's situation and have strong professional abilities to respond to the lawsuits.

Article 10. The chambers of commerce or associations can retain domestic lawyers with expertise in handling antidumping cases to take part in responding to the lawsuits, such as filling question lists and preparing relevant legal documents and proofs.

Article 11. If necessary, chambers of commerce or associations can organize respondents to take part in hearings or concrete negotiations abroad, but they must solicit opinions from MOFTEC's antidumping work departments in advance.

Article 12. Respondents can negotiate and sign "price guarantees" or "suspension agreements" and should conscientiously implement them. Respondents should constantly or regularly report the situation of agreement implementation to chambers of commerce or associations. Chambers of commerce or associations should supervise and examine agreement implementation situations.

Article 13. Chambers of commerce or associations should promptly report to MOFTEC the situation concerning responses to antidumping suits and existing problems.

Article 14. Chambers of commerce or associations and respondents should open files on antidumping cases and keep complete sets of information. They should also keep a watch for changes in the export situation of every product which has been investigated. Chamber of commerce or associations should summarize the situation and report to MOFTEC every six months.

Article 15. Regarding export goods against which, as shown by evidence, antidumping measures will be implemented, or goods which have been punished by antidumping practices but can still be exported, chambers of commerce or associations should, to prevent any further implementation of antidumping measures, promptly put forward MOFTEC suggestions to improve export administration methods, including setting up export quotas or issuing permits. Chambers of commerce or associations will submit to MOFTEC a list of enterprises authorized to engage in foreign trade which have a good grip on export prices and take the initiative in responding to lawsuits, and MOFTEC will give priority to them when distributing quotas and issuing permits.

Article 16. Chambers of commerce or associations should perfect market research work and take necessary measures to strive to prevent any occurrence of antidumping lawsuits abroad.

Article 17. When chambers of commerce or associations are entrusted with the task of responding to overseas lawsuits, all local foreign economic relations and trade commissions should be responsible for coordinating, in cooperation with the chambers of commerce or associations, the work of responding to antidumping lawsuits in their localities, including urging local respondents to respond to the lawsuits concerned and pay fees on time. Under given conditions, all local foreign economic relations and trade commissions can also be in charge of organizing responses to antidumping lawsuits. They should also investigate and grasp the situation in their localities which leads to the occurrence of antidumping cases, analyze their impact on export trade, and take appropriate measures.

Article 18. All trade organs accredited to foreign countries should investigate and grasp antidumping laws and regulations in the countries where they are staying, as well as the investigation and adjudication situation in antidumping cases involving China. Moreover, they should promptly report to MOFTEC the above-mentioned situations, existing problems, and opinions for improving trade administration and the work of responding to lawsuits. Regarding antidumping cases

which may arise or have just arisen, it is necessary to promptly report them to MOFTEC and the chambers of commerce or associations concerned. Trade organs accredited to foreign countries can make suggestions on retaining lawyers and supervising their pleas. Groups going abroad to respond to lawsuits or take part in hearings should be guided by trade organs accredited to foreign countries and should promptly report the work situation to the latter.

Article 19. MOFTEC is responsible for guiding the work of responding to antidumping lawsuits, laying down and revising methods for administering the work of responding to antidumping lawsuits, and holding consultations with the governments of importing countries on handling relevant cases so that Chinese exports are treated fairly.

Article 20. For those companies or enterprises who know perfectly well that products manufactured by their own companies or enterprises are facing antidumping charges but choose not to respond to relevant lawsuits or pay lawyers' fees and other relevant charges and not to cooperate with the authorities in lawsuits, chambers of commerce or associations should promptly report these cases to MOFTEC, and they are empowered to condemn or issue critical circulars of this practice.

Article 21. For authorized foreign trade companies or enterprises who do not promptly respond to lawsuits, do not pay lawyers' fees or other relevant charges, and do not cooperate with the authorities in antidumping investigations, we may circulate notes of criticism against them or abolish all or part of their rights to apply for export quotas and permits. For those companies or enterprises which commit serious cases, all or part of their rights to engage in foreign trade can be abolished and they can be fined.

Article 22. Relevant articles in these stipulations also apply to cases of investigation started by foreign governments in accordance with "anti-subsidy" laws and laws against "market disruption" and "protectionist measures."

Article 23. MOFTEC assigns its Treaty and Law Department to be in charge of antidumping work.

Article 24. These regulations are effective from the day of promulgation.

Unions Sought in East Coast Foreign-Invested Firms

OW1005101294 Beijing XINHUA in English 0739
GMT 10 May 94

[Text] Beijing, May 10 (XINHUA)—China is resolved to have unions established by the end of 1994 in all foreign-funded enterprises already operational in major development zones and open cities along the east coast, a union leader told XINHUA today.

According to Yang Xingfu, vice-chairman of the All-China Federation of Trade Unions (ACFTU), unions are found in less than ten percent of the 47,000 foreign-funded enterprises already operational, which employ about six million Chinese.

"ACFTU is accelerating its work to get them organized in unions in view of the growing number of labor disputes in foreign-funded enterprises; for now we are concentrating on the places where foreign-funded enterprises are concentrated," Yang said.

In about one year or two, Yang explained, unions should have been established in foreign-funded enterprises all over China.

"From now on," he continued, "talks on union affairs must proceed hand-in-hand with negotiations on any project involving foreign investors, and the union should be in operation not later than one year after a project starts operating."

Yang specified the union task in a foreign-funded enterprise as one of protecting the legitimate rights and interests of the employees while co-operating with the investor in the development of the enterprise.

"There are good examples of investors respecting staff rights and interests and supporting unions in their work," he said. "This invariably results in higher staff morale and better profits for the investors."

What Yang called "good examples" are mostly furnished by large- or medium-sized enterprises which follow international standards in management and respect China's labor laws.

But problems are "serious" in many others, especially in smaller, labor-intensive enterprises.

"Foreign employers often force workers to work overtime, pay no heed to labor safety regulations and deliberately find fault with the workers as an excuse to cut their wages or fine them, in violation of China's laws and regulations," he said.

"This only does harm to China's efforts to attract foreign investment, and eventually to the interests of investors," he added.

Under China's Constitution and laws on foreign investment, he said, "Chinese employees have the right to protect their own legitimate rights and interests and seek help from ACFTU in establishing unions."

ACFTU and its local organizations, for their part, "have the right to help Chinese workers get organized."

ACTFU is now busy working on a set of regulations concerning union work in foreign-funded enterprises.

In June it will call a meeting to boost the work of organizing unions in such enterprises.

Meanwhile, ACFTU is "doing its best" to promote the publication, as early as possible, of a labor law, a law on social security and a law on labor protection.

Before that, he said, governments should publish regulations on minimum wages, social security and other matters vital to workers' rights and interests.

"Improved legislation is important to all parties: Governments should abide by the law in exercising control over foreign-funded enterprises, foreign investors in handling their day-to-day management and employees in protecting their own rights and interests," the union leader conceded.

Official 'Optimistic' About Stability of Yuan

HK0905135794 Beijing ZHONGGUO XINWEN
SHE in English 1221 GMT 9 May 94

[Text] Beijing, May 9 (CNS)—The trend for the exchange rate of the renminbi [RMB] is one of the Mainland's main concerns. Deputy Director of the State Administration of Foreign Exchange Control Mr. Xu Bin said that there had been no dramatic fluctuation of the exchange rate of the renminbi since the second half of last year and he is optimistic about the maintenance of relative stability of the currency because the overall economy has since the beginning of this year proceeded at a well-coordinated pace.

The exchange rate for the renminbi against the U.S. dollar has remained at RMB 870 against U.S.\$ 100 during the period between early this year up until now, Mr. Xu said. The renminbi showed a slight gain against the U.S. dollar in recent times, representing success in the restructuring of the foreign exchange system and unification of the exchange rate of the renminbi. Mr. Xu said he was convinced that the present exchange rate for the renminbi was reasonable, reflecting the level of cost and profit resulting from exports as well as endurance capability for imports. The rate also showed supply and demand for foreign exchange resulting from the flow of capital.

Mr. Xu said that the exchange rate of one U.S. dollar against 8.7 yuan was based on the market regulation and the foreign exchange control administration played no part in the maintenance of the exchange rate nor did other departments play a dominant role in maintaining the exchange rate. He was convinced that the current rate showed the real market supply and demand and considered it the true market exchange rate.

The so-called floating exchange rate system under administration set out in a statement issued by the People's Bank of China, according to Mr. Xu, mainly put the emphasis on the formulation of a programme for the foreign exchange market and on the ensuring of orderly operation of the market. It will in no way disrupt trading in the foreign exchange market. China will employ economic means in accordance with law to govern the foreign exchange market.

It is a must, Mr. Xu said, for enterprises to have analysis and projection on the trend of the exchange rate. The rate itself is not an independent factor showing the overall level and demand for the economy but it is closely related to macroeconomic and monetary policy. The exchange rate which has remained at the current level for a relative long period indicated that it was

acceptable to the market. The main policy on the exchange rate of the renminbi, Mr. Xu said, was to maintain relative stability of the rate of the currency.

SPC Official Interviewed on Price Management

HK0905053894 Beijing LIAOWANG in Chinese
No 14, 4 Apr 94 pp 7-8

[Report on interview with Zou Xiangqun (6760 0686 5028), vice secretary general of the State Planning Commission, by staff reporter: "How To Manage Prices Under a Market Economy"]

[Text] After more than a decade of reform, the traditional price management system is already basically shattered, and the framework for a new price management system is gradually being shaped. Under these circumstances, is the task of price reform already accomplished? Can things be allowed to run their course after freeing up prices? With these questions of general concern in mind, our staff reporter visited Zou Xiangqun, vice secretary general of the State Planning Commission (former deputy bureau chief of the State Pricing Bureau).

Freeing Up Prices Does Not Equal Accomplishment of the Task of Reform

With 15 years of price reform, the highly centralized government pricing system in China has been shattered and the prices of most commodities are formed by the market. By the end of 1992, government-fixed prices only accounted for 5.9 percent of the gross retail volume of commodities in society; of the gross volume of agricultural produce sold by farmers, government-fixed prices accounted for 12.5 percent; and of the gross volume of capital goods sold by industrial enterprises, government-fixed prices accounted for 18.7 percent. The price relationship between many important commodities has been fundamentally improved, and the pricing structure is continuously becoming more rational. The price scissors between industrial and agricultural products has been greatly reduced, the situation where the prices of basic industrial products were too low has clearly improved, and 95 percent of the domestic sale-prices of imported goods have been directly linked with international market prices by means of the agency system. These have all created important preconditions for the formation of a socialist market pricing mechanism.

However, is the task of price reform accomplished? Zou Xiangqun believes there is still quite a distance to go. He said: According to the goal of economic structural reform defined by the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, the fundamental task of price reform is to establish a socialist market pricing mechanism. This pricing mechanism is one which relies mainly on market price formation and which includes government macroregulation and control. Its basic requirements are: In terms of

price formation, it should enable the majority of commodities to enter the market, with enterprises determining prices according to market supply and demand. In terms of price operations, it should be able to regulate prices through supply and demand, and guide the rational allocation of resources by means of prices in a unified, open market environment with orderly competition. In terms of pricing control, a perfect and effective government regulatory system of prices should be established in order to control the pricing bodies in adopting pricing actions in line with the economic and legal standards of the market.

Comparing current achievements with these goals of reform, what would you consider lacking? Zou Xiangqun answered:

First, the market system is not sufficiently mature. Currently, the market structure is rather monolithic and the development of the market of production factors has just begun. The market is still relatively small, with imperfect facilities, and the means of transaction are backward. Market regulations are imperfect. Regional and market barriers still exist. Prices formed in this kind of market cannot sensitively reflect the situation of gross supply and demand in society, nor the degree of shortage in resources. They cannot accurately send out signals to guide the allocation of resources. The price fluctuations in December 1993 occurred under a situation in which China's grain production enjoyed bumper harvests for years, state grain reserves were ample, and gross supply and demand were balanced. This, to a great degree, was directly linked to the fact that China's market system is insufficiently developed.

Second, reform of enterprise internal operational mechanisms has not been accomplished. As pricing entities, even though enterprises already have the competition encouragement mechanism, in general they still lack a risk control mechanism, lack a perfect internal price management system, and lack the knowledge, experience, and skills to scientifically determine prices. During the first half of last year, some large steel plants took the opportunity of an explosion in the scale of investment, as well as the flourishing market in construction materials, to compete with each other in jacking up prices, or even cooperated in raising prices. Thus, within a short period of time, the prices of steel products doubled, and this was then followed by a sharp price drop and overstocking of steel, making production and turnover difficult for the enterprises. This is a typical example in this respect.

Third, a price regulatory and control system has yet to be established. After the scope of direct-management of prices by the government is largely reduced, as far as the prices of the majority of commodities and services are concerned, an effective pricing regulation and control system and a perfect legal system concerning pricing have yet to be established. Although the state has begun building a reserve for some commodities and a few areas have established price regulation funds for a few very important goods, on the whole, the economic means are

still weak, legislation lags behind, and control and regulation are limp. These have become a conspicuous contradiction in the current reform.

Fourth, the price system has not yet been completely straightened out. The prices of energy, railway transportation, and a few basic products and infrastructure are still relatively low, which is harmful to the optimal allocation of resources. The purchase price of grain is also irrational, the comparative efficiency of agricultural production is down, the scissors difference between industrial and farm products—which was already reduced after reform—has again showed signs of expanding in recent years. This is not good for the stable development of agricultural production. All these indicate that in order to accomplish the task of price reform, much hard and practical work needs to be done, especially in the continued development of the market system, in establishing a unified and open market system with orderly competition, in promoting reform of the enterprise internal operational mechanism and the development of market entities, and in the speedy establishment of a healthy price regulation and control system and the continued straightening out of price relationships between important commodities. Only thus can we build a socialist market pricing mechanism.

One Must Not Wash One's Hands of Prices Under a Market Economy

The main features of market economy are to use economic interest as the basic driving force and to realize the best allocation of resources through the market. This kind of economy has a mechanism to encourage competition and vitality, and is a law-oriented economy which can restrict the spontaneous and blindly generated negative effects of the market. A socialist market pricing mechanism must also fully embody these main features.

After the prices of the majority of commodities and services were freed up, manufacturers and businessmen obtained the right to determine prices, and the enthusiasm to produce and operate were greatly uplifted. This has obviously promoted economic development, boosted market prosperity, and improved people's living standards. However, at the same time, in some regions, departments, enterprises, and organizations, certain chaotic phenomena have occurred, such as superseding the power to fix prices, unduly collecting fees, monopolizing prices, seeking exorbitant profits, piggy-backing on price-hikes, raising prices without permission, competing with others in raising prices, asking for unlimited high prices, cheating customers, producing and selling fake and shoddy goods, and so on. Although these problems are expressed in different forms and different degrees in various places and aspects, they are very harmful, and to a certain extent they have pushed the general level of prices up. According to estimates, in the general 13 percent rise of retail prices during 1993, 6.8 percent were spontaneous price rises, of which a fair proportion was caused by chaos in the pricing order. This chaos in the pricing order was, fundamentally

speaking, a disorderly action caused by the pursuit of self-interest by various interest groups, with disregard to the social effects during the process of drastic changes in the distribution of interests. It was a reflection of the spontaneity and blindness of the market economy. In order to prevent and overcome the damaging effects this spontaneity and blindness may cause, the state must conduct macromanagement over economic activities and market prices.

Western countries with market economies do not completely let prices go. Zou Xiangqun says all the major developed countries have established price management organizations of different levels and different types which adopt direct management, indirect management, and supervision and inspection measures over prices of commodities and services according to different situations. Japan established a national centralized price management organization which has the Cabinet Meeting on Pricing as the decisionmaking organ over pricing, and the Economic Planning Agency's Pricing Office as its central executive organ. France has the National Competition Commission, General Bureau for Competitive Consumption and Antifraud Inspection. Thailand has the Commission for Fair Pricing and Antimonopoly under the Ministry of Commerce in charge of prices nationwide. The United States does not have a national centralized price control organization. Supervision and control on the general level of prices is carried out by the federal Labor Department. Regulation and control of railway freight prices is under the government's Interstate Commerce Commission, while the supervision of consumer interests and enterprise prices is taken care of by the Consumer Bureau. In Germany, commodity prices under the management of the state are normally under the care of economic departments of state governments. Prices that are directly managed by the government in Japan include petroleum, coal, railways, passenger transportation, public housing, land prices, rice, cigarettes, and table salt. These occupy approximately 18 percent of the commodities, calculated according to consumer price indices. In America, these include utilities, electricity, taxis, subways, telephones and telecommunication, cable TV, running water, gas, public rental housing, and museum tickets, which account for 5 to 10 percent of citizens' consumer spending. In France, these include public transport, post and telecommunications, medicine, alcohol, education, military products, agricultural produce, etc., occupying around 20 percent of commodities and fees. In Germany these include railways, pharmaceuticals, coal, farm produce, fees of lawyers, architects, and notaries, and insurance as required by law, which occupy 22 to 26 percent of commodities and utility fees.

There are three forms of indirect management of prices: The first is to regulate total supply and demand by using banking and financial policies, adjusting the discount rate of capital reserves and interest rates, using government budgets, and adjusting government expenditures. The second is to use industrial policies to support the

development of key industries. For instance, to protect farmers' interests, the United States practices a supporting price and subsidies policy on farm produce, with a total subsidy of over \$15 billion. The European Community and Japan also have substantial subsidies on farm produce. The third is social interference measures, namely, supervising price by means of consumer councils or intervening by means of public opinion. Foreign countries also attach importance to supervision and inspection of prices and have special price inspection teams. In some countries price inspectors have guns, and when necessary they can conduct searches. Serious offenders are subject to legal punishment. Looking at the world today, whether developed or developing, not a single country takes a completely laissez-faire attitude toward prices.

Zou Xiangqun says, based on rich practical experience gained since China's reform and opening to the outside world and taking into consideration some common methods used in Western countries under a market economy, the Third Plenary Session of the 14th CPC Central Committee made explicit stipulations concerning the building of a macroregulatory and control system. The "Decision Concerning Some Issues for Establishing a Socialist Market Economic Structure" passed by the plenary session pointed out: "To establish a perfect macroregulatory and control system with indirect regulation and control as the main means, to guarantee the healthy operation of the national economy"; "to further change the operational mechanism of state-owned enterprises"; and "to establish a national, unified and open market system..." are an interconnected and intercontrolling organic whole, composing the basic framework of a socialist market economic structure. Centering on these major points, we must establish a corresponding legal system and adopt practical measures to actively and systematically "push forward reform comprehensively and promote the development of the social productive forces."

Establishing a New Price Regulation System Is an Urgent Task of Current Price Reform

Under the new situation of intensified marketization of the Chinese economy, to continuously push forward the reform of the economic system, accelerate and improve macroregulation and control, prevent market prices from drastic fluctuations, control excessive price rises, standardize pricing actions, and realize fair competition, fair transaction, and legal operations, one must establish a perfect and effective government regulation and control system over prices.

Zou Xiangqun points out, the price regulation and control system must embody the demands of a market economy, and the focus of regulation and control should be on maintaining the economic overall balance, with macroregulation and control as the main means. The objects of regulation and control should be those deciding the prices and the market, with indirect regulation and control as the main means. The means of

regulation and control should be mainly economic and legal, supplemented with necessary administrative means. The establishment of such a pricing regulation and control system is a gradual process which, following the deepening of reform, the strengthening of economic power, and the perfection of laws, will continuously enrich and perfect the means of regulation and control. This will take a fairly long time to accomplish.

Currently, Zou Xiangqun believes that, in the context of the objectives of stabilizing market prices and standardizing pricing actions, we should tackle the establishment of healthy economic and legal means of price control in the following respects:

- Establish a reserve system for important commodities such as grain, cotton, and oil, so that these can be dumped on the market when fluctuations occur in production or supply.
- Establish grain and nonstaple food price-regulation funds to keep down prices, protect production and consumption, and stabilize the economy when great upheavals and drops appear in prices.
- Perfect price laws and regulations, encourage competition, and oppose monopolies; protect legal gains and oppose exorbitant profiteering; and protect proper business operations, oppose cheating and overcharging customers, and crack down on fake and shoddy commodities. The "Regulations on Clearly Marking the Prices of Commodities and Services," issued for implementation in early March of this year by the State Planning Commission with the approval of the State Council is an important economic legal regulation promoting open transactions in the market, raising the visibility of pricing actions, and opposing cheating in prices.
- Conduct price information services. The pricing departments at various levels should fully make use of the government's information network, and according to the needs of society, extensively collect, arrange, and develop price information; provide, in a timely fashion, information to enterprises concerning the market supply and demand of various important commodities, the pricing situation, and predictions of trends; and they should offer price information services by serving as price consultants, offering consultations on specific topics, issuing publications and other means, to guide enterprises in organizing their production according to market demands and adjusting their operational orientation.
- Strengthen policy direction and professional training for enterprises, and help enterprise managers to master marketing strategies and decisionmaking skills in pricing.
- Undertake appropriate administrative intervention in a small number of important commodities. For the basic means of production and necessities of daily life which easily suffer from price fluctuations, necessary

and appropriate intervention should be undertaken according to different circumstances, and price-limiting measures, such as keeping records of any price rises or requiring applications for price rises, should be practiced.

Zou Xiangqun says that the State Council recently decided to practice price supervision on 20 types of commodities and services most crucial to people's lives. This is a new measure which makes a breakthrough in important commodities and a new measure for stabilizing people's lives and pushing forward the reform in the price regulation and control system. It embodies the principle of using indirect regulation and control as the main means and combines economic means with appropriate administrative intervention. It is beneficial to maintaining the relative stability of the general level of prices. We should earnestly implement the various measures of price supervision in coordination with the reality in order to render better service to reform, development, and stability.

Commentator on Agriculture's Effect on Economy

*HK1005032094 Beijing LIAOWANG in Chinese
No 15, 11 Apr 94 p 1*

["Liaowang Forum" by staff commentator: "The Fundamental Way Out is To Increase Effective Supply—More on the Issue of Commodity Prices"]

[Text] Price is the barometer of the market. It touches on the interests of numerous households and has a bearing on economic and social stability. The fundamental way to stabilize prices and the market is to do a solid job of agriculture, in particular, the building of the "shopping basket" project, and increase effective supply in society while launching a mass price survey and improving and strengthening macroregulation and control.

Developments in the last 40 years or so since the founding of the PRC and especially in the last 15 years since the drive of reform and opening up to the outside world was launched have shown that instability in agricultural production is bound to lead to fluctuations in economic development. On the contrary, if agriculture progresses smoothly, the rural economic environment is fine, and the whole society enjoys relative stability, reform and development will advance comparatively smoothly. This is where the significance lies for the party Central Committee and the State Council to always attach great importance to agriculture and rural work and for the central authorities to stress once again at a rural work conference, which was held this year, that unremitting efforts should be made to place rural work before work in other fields. Prominence should be given to the production of grain, cotton, and edible oil, and the "shopping basket" project, and the effective supply of agricultural and sideline products should be increased.

A relatively great number of reform measures are to be promulgated this year, and a readjustment of people's interest relations and society's interest pattern and the

resulting frictions will thus intensify. Smoothly carrying on reforms in various fields of endeavor requires the maintenance of social stability and setting people's minds at rest. One of the sources which most directly and sensitively reflects people's sense of security and stability, their support for reform, and their confidence in the future, is market supply. Whether there are plenty of goods or not in the "shopping basket" has a direct bearing on the people's sentiments and enthusiasm for production and work. Therefore, we must pay close attention to the "rice bag" and "shopping basket" projects and do a good job of the production and supply of grain, cotton, edible oil, and other agricultural and sideline products to ensure the basic livelihood of the people throughout the nation and proceed to continuously improve their standard of living. With their lives stable, the masses of the people will support reform and plunge themselves into reform and construction with greater enthusiasm. To make sure that residents have an ample supply of non-staple foods whose prices are stable and rich in variety, we should advocate taking the interests of the whole into account, guaranteeing selected projects, and correctly handling the relationship between the "shopping basket" project and work in other fields. We maintain that a modern city is inseparable from good municipal administrative service facilities and a complete industrial production layout. If blind efforts are made to build more factories and office buildings and run economic development zoners of various types to the neglect or weakening of the construction of non-staple food production bases, which guarantee supplies of residents' basic daily necessities, there will not be enough food in residents' "shopping baskets," commodity shortages will occur, and total supply and demand will be imbalanced. In the final analysis, economic development would hardly last long. In this sense, that the party Central Committee and the State Council have stressed doing a good job in the construction of the "shopping basket" is a strategic move taken to meet the needs of urban economic development, rather than just building a stable "logistic supply base."

Doing a good job in the construction of the "shopping basket" project and improving the quantity and quality of agricultural and sideline projects is also a way out of readjusting the agricultural production structure and increasing peasants' incomes. As a big country where agriculture is predominant, China has a population of close to 1.2 billion people, of which 900 million live in the countryside. This is China's most important national condition. In the past 15 years of reform, there has been a very significant increase in peasants' incomes. Nevertheless, the increase is still far below the growth in urban per-capita incomes. Now, to raise peasants' incomes, major efforts should be made to develop second and tertiary industries in rural areas. Concentrating efforts on readjusting the structure of agricultural production, developing more industrial crops, in particular, products relating to the "shopping basket" project, will have a very effective and direct bearing on increasing peasants' incomes. Here we cite a case in point. In 1991, Taian

City, Shandong, invested 18 million yuan in running a "Shopping Basket Science and Technology Park." It developed vegetable production according to international standards and sold its products to 156 countries and regions. In the January-May period last year alone, the city earned \$11.6 million in foreign exchange through exporting its products. Taian's way of doing things shows that carefully designing and implementing the "shopping basket" project is also an important way of increasing peasants' incomes and achieving a well-off standard of living in rural areas.

Developing the production of agricultural and sideline products, including vegetables, is a business promising relatively high efficiency, for which the peasants are willing to work with enthusiasm. However, the business is highly risky. Particularly at a time when the peasants have very limited means to obtain market information and a limited ability to take the market well in hand and have difficulties in transportation, storage, and fund raising, for producers to appropriately decide the scope of production and variety in accordance with accurate and comprehensive market information, ensure supply and demand are balanced, the production structure is rational, peasants' incomes rise steadily, and market swings are reduced or avoided, it is necessary to establish a reserve system and risk regulating funds for meat, vegetables, and other major agricultural and sideline products, perfect the information network, form a management and regulation and control mechanism based on economic and legal means, and protect the interests of producers and consumers. This is also necessary and proper government behavior in a market economy.

As production expands, it is necessary to closely integrate producing and marketing areas as well as vegetable growers and consumers; form operational mechanisms for total quantity balance, the smooth circulation of commodities, and operational flexibility; and establish a market system for agricultural and sideline products centering on wholesale markets. At present, China has many wholesale markets, which have played a positive role in promoting the shipping of vegetables from the South to the North, grain from the North to the South, and grain from the Center to the West. However, because of the lack of a number of large-scale, multifunctional and comprehensive trans-regional backbone markets, the circulation of agricultural and sideline products in different regions has been hamstrung to a certain extent. To genuinely achieve a free flow of commodities across the country; promote the structural readjustment of non-staple foods in terms of producing areas, seasons, and variety; and the improvement of their commercialization levels, it is still necessary to further establish and improve central, regional, and local multilayer wholesale networks, promote the formation of a single national market, and at the same time, standardize market order, reduce the number of operational links, remove circulation barriers and improper trading behaviors, and enable the "shopping basket" project to play an important role in harmonizing the relationship between production,

circulation, and consumption as market mechanisms and macroregulation and control play their own part.

State Council Issues Circular on Cotton Production

OW0905140694 Beijing XINHUA Domestic Service in Chinese 2126 GMT 9 Mar 94

[Text] Beijing, 10 March (XINHUA)—The State Council recently issued a circular to 18 provinces, autonomous regions, and municipalities including Shangdong, Hebei, Henan, Xinjiang, Jiangsu, and Hubei, urging them to conscientiously carry out this year's cotton production plan.

The circular said: Cotton is an important material which has a bearing on the national economy and the people's livelihood. To promote cotton production on the eve of spring planting, the following points are hereby announced:

1. It is necessary to try in every possible way to increase cotton acreage to ensure that this year's cotton production task ordered by the state will be accomplished. To increase cotton production, we should enlarge cotton acreage and focus on spring planting. Untilled and reserved farmland in the cotton-producing areas of the Huanghe, the Huaihe, and the Haihe shall be planted with cotton on a priority basis. Areas with suitable conditions should be planted with cotton this summer. Active measures should be taken to plant cotton in wastelands. Shandong, Hebei, and Henan should greatly increase their cotton acreage to their former levels. For cotton-producing areas in the south, efforts should be made to increase cotton acreage. In addition, those areas with suitable conditions should be planted with cotton plants after the wheat harvest or should receive large transplanted cotton seedlings. Xinjiang should gradually increase its cotton acreage. Agricultural departments should take measures to provide cotton seeds.

2. Great efforts should be made to support large cotton-producing counties so as to promote rapid economic growth in these areas. The state will arrange special loans for large cotton-producing counties to develop their economies. Such loans as well as future investment for the economic development of quality-cotton-producing counties shall be commensurate with their cotton acreage, production output, and amount of cotton sold to the state.

3. It is necessary to persist in the principle of increasing cotton production by relying on science and education. Great efforts should be made to increase the per unit-area yield. It is necessary to strengthen technical training, to popularize cotton-planting knowledge, and to actively promote such production techniques as the use of plastic films, seedling transplants, growing cotton after the wheat harvest, using chemical fertilizers and insecticides, employing model cultivation, and employing comprehensive pest management. The acreage planted with fine cotton strains should be

increased. In some areas, cotton bollworms were found to lay more eggs last winter than in previous years. We should be careful about this problem. We should pay attention to preventing cotton bollworms right from the spring planting.

4. Governments at all levels in cotton-producing areas should immediately map out a plan for this year's cotton production. Major leading comrades should be directly in charge of cotton production. Great efforts should be made to publicize the state's policy concerning cotton production. It is necessary to encourage peasants to grow more cotton and to produce fine cotton. It is imperative to organize agricultural and other departments to go down to the grass-roots units in rural areas to provide concrete guidance. It is also imperative to organize well the supply of means of agricultural production and to help grass-roots units and peasants solve actual problems in cotton production.

Symposium on Circulation System Reform Held

OW0905143894 Beijing XINHUA Domestic Service in Chinese 2129 GMT 14 Apr 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 15 Apr (XINHUA)—A national symposium on the reform of the circulation system was held in Beijing recently. The meeting put forward a general plan for the building of a market system in China, calling for introducing a unified, open, competitive, and orderly market system and establishing a close link between urban and rural markets and between domestic and international markets so as to improve the allocation of resources.

The symposium was held jointly by the State Economic Restructuring Commission, the State Planning Commission, the State Economic and Trade Commission, the Ministry of Internal Trade, and the State Statistical Bureau. The meeting put forward specific ideas for the direction of promoting the reform of China's circulation system until the end of this century.

The meeting pointed out that the special characteristics of the basic framework of a socialist market system should have a new relations of exchange in market and a sound market regulation mechanism; have circulation markets which can suit the needs of a market economy; have sound commodity market organizations; form, in the main, a market system for factors of production; have a sound market supervision and control system; have sound rules and regulations for market operation; have a sound system for adjusting and storing important commodities, and establish links between the domestic market and the international market.

Concerning the steps and phases for realizing the improvement of the market system, the meeting pointed out: In carrying out reform in the last two years of the Eighth Five-Year Plan period, it is necessary to vigorously develop regional wholesale markets, further

expand the scope of market adjustment, improve large-scale wholesale markets and exchanges which are geared to the needs of the whole country, establish a better commodity market system, vigorously develop production factor markets, promote the circulation of production factors, realize the single price system for production factors, develop long-term government orders and contracts, stabilize relations of demand and supply, cultivate a new market relationship, and establish and improve risk funds at central and provincial levels and a reserve system for grain, cotton, and other important commodities. During the period of the Ninth Five-Year Plan, we should, in the main, establish a market system, a sound legal system with necessary laws and regulations, a supervision and control system, a government macro-control system, and a modern circulation system which can meet the requirements of a socialist market economy so as to give full play to the market's basic role in the allocation of resources.

Industrial Growth 'Steady' in April

HK0905152094 Beijing ZHONGGUO XINWEN
SHE in English 1357 GMT 9 May 94

[Text] Beijing, May 9 (CNS)—Statistics released by the State Statistical Bureau showed that industry maintained steady growth last April with state-owned industry stopping its slide and registering a rebound to some extent. The trend of stockpiling of products, worsening losses and acute shortage of capital still go upwards.

The national industrial production was 20 percent up last April over the same period last year and 1.4 percentage points faster than the average growth in the previous three months. Of the gain, state-owned industry made up five percent, collective industry 31.4 percent and industry of other kinds 42.5 percent.

The rebound for state-owned industry in recent times is mainly due to a slight lessening of short-term loans given to enterprises by banks since last March. They played a role to some extent in pushing forward enterprise production. Deep seated contradictions suffered by state-owned enterprises, however, still existed.

As the market demand is relatively insufficient, sales of industrial products are far from ideal. The sales of industrial products last April was 2.2 percentage points lower than the growth in industrial production. The inventory of industrial products tended to go upwards month by month as a result. The value of stockpiled products by industry at the level of township and above showed a net gain of RMB (Renminbi) 20.6 billion late last March over late last February. The inventory of oil-bearing items, steel materials, some industrial chemicals and electro-mechanical items registered a rise of 20 percent over earlier this year. Shortage of capital, slow sales and serious debt have not yet been alleviated.

Losses suffered by some enterprises tended to grow worse mainly because of sluggish sales, stockpiling of products and shortage of capital. There are to date some

25.7 percent of enterprises running in the red with state-owned enterprises making up 45 percent. Losses made by medium- and large-sized state-owned enterprises last March was put at RMB 16.6 billion, RMB 5.9 billion up from the previous two months.

State-owned industry showed relatively slow growth when compared with the rapid gain of overall industry in spite of its rise to some extent last April. State-owned industry finds it difficult to stand stiff competition with some of them operating under capacity. The number of enterprises either stopping production or in a state of a semi-halt to production increased while some of enterprises failed to pay wages, affecting workers' living and doing harm to social stability.

Twelve Million Households Raised 'Out of Poverty'

HK0905152594 Beijing ZHONGGUO XINWEN
SHE in English 1356 GMT 9 May 94

[Text] Beijing, May 9 (CNS)—According to China's Ministry of Civil Affairs, nearly 12 million households have been helped to raise themselves out of poverty in the past five years.

The central government set aside a total of RMB (Renminbi) 6.4 billion and 8.7 billion kilograms of grain for disaster relief and received donations both domestically raised and from abroad of RMB 2.4 billion. More than 200 million poverty-stricken persons received such financial and material help, thereby guaranteeing their daily necessities.

In recent years, social insurance for the aged has reached the countryside involving 29 provinces, cities and autonomous regions with some 40 million farmers enjoying such insurance.

China has in addition continued to push reform regarding wedding and funeral customs and has revised the marriage registration method. Most towns in China now have marriage registration, handling ten million couples every year. China has in the past five years also set up more than 1,200 funeral parlours, cremating more than two million deceased every year, one-third of all deceased persons.

The State Council recently decided that the tenth national civil affairs meeting would be held this month from 12 to 16 when a report would be given on the past five year's work and plans for the coming five years would be set out. Premier Li Peng will attend the meeting.

Beijing To Establish State Economic Information Network

OW1005040594 Beijing XINHUA in English 0227
GMT 10 May 94

[Text] Shanghai, May 10 (XINHUA)—China will build a modern nationwide economic information network this year.

The Shanghai Jinqiao Network will link domestic foreign trade and banking information services with the worldwide business community via satellite.

It is aimed at meeting the needs of social and economic development and facilitating state macro-economic regulation and decision-making.

The project will be jointly built by the Ministry of Electronics Industry and related departments in Shanghai.

Taxation System 'Favorable' for Foreign Investors

OW0905160394 Beijing XINHUA in English 1408 GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—China's new taxation system, started at the beginning of this year, has maintained all the preferential policies for foreign investors and is creating a more fair and favorable taxation environment for them.

This was the statement made by Dong Shukui, a senior official with the State Administration of Taxation, at the 11th China-Australia Senior Executive Forum held here today.

The leading official in charge of China's overseas-related taxation told reporters that since the carrying out of the new taxation system, the total tax burden of foreign-funded enterprises has decreased to some degrees, compared with the old taxation system.

According to him, foreign-funded enterprises are no longer paying higher taxes than domestic enterprises on 94 items, due to the adoption of unified value-added taxes, consumption taxes and business taxes for both foreign and domestic enterprises.

Dong told the Australian entrepreneurs that there are now 11 kinds of taxes that are applicable to foreign-funded enterprises and foreign nationals according to the new taxation system, among which, duplication under the old industrial and commercial consolidated tax has been removed by introducing value-added taxes.

He explained that the value-added taxes will only be charged on added value derived from production processes. Higher or lower tax rates are related only to the added value, but not to the number of enterprises involved, which is believed to favor foreign-funded enterprises in developing coordinated and socialized production.

The official added that all the preferential policies on foreign-funded enterprises' income taxes will be continued.

According to the new system, productive foreign-funded enterprises established in special economic zones and economic and technical development zones, shall pay business income taxes at a reduced tax rate of 15 percent.

Meanwhile, productive foreign-funded enterprises located in coastal economic open areas and open cities shall pay business taxes at a reduced tax rate of 24 percent.

Productive foreign-funded enterprises shall be exempt from business income taxes in the first two profit-making years and pay half the business income taxes in the next three years.

The official told reporters that the foreign-funded enterprises will also continue to enjoy preferential treatment on turnover taxes.

Under the new taxation system, the foreign-funded enterprises shall be exempt from value-added taxes on imported machines, equipment and spare parts at import entry which are needed in production and do not exceed the total amount of investments.

In addition, foreign-funded enterprises shall be exempt from value-added taxes and consumption taxes on manufacturing products for export, excluding the ones under separate regulation by the government.

Dong Shukui noted that Sino-foreign joint-venture banks and foreign-funded banks registered in special economic zones and Shanghai's Pudong New Area can be exempt from business taxes in the first five years starting from opening day upon approval.

The official stressed that the Chinese Government will consistently give foreign-funded enterprises favorable policies and preferential treatment to boost their investment in the country.

According to Dong, 1993 was the best year in luring and utilizing foreign investment. The statistics by the end of last year showed that China had developed more than 170,000 projects with foreign investments and absorbed 220 billion U.S. dollars in foreign investment under agreement, with 60 billion U.S. dollars actually used at present.

Only Enterprise-Run Bank Becomes Commercial Venture

OW1005034394 Beijing XINHUA in English 0247 GMT 10 May 94

[Text] Beijing, May 10 (XINHUA)—Huaxia Bank, China's only enterprise-run bank, has become a commercial bank with multiple functions.

Set up by the Shougang General Corporation in December 1992 with the approval of the State Council, the bank has set up acting business relations with 116 banks around the world.

It is also one of China's 13 banks to engage in foreign exchange business.

In the past year, the bank has issued 200 million yuan of bonds for the Shougang General Corporation and 8 million yuan in stocks for Beijing Automobile Co. Ltd.

At present, it has 15 savings bank offices throughout Beijing.

By the end of April, the assets of the bank had reached 3.5 billion yuan, including assets amounting to 220 million U.S. dollars.

Its bank savings stand at 2.18 billion yuan with 77.71 million U.S. dollars.

The depositors of the bank number more than 123,000 and individual bank savings total more than 240 million yuan.

Investment Set for Southwestern Transport System

HK1005054094 Hong Kong WEN WEI PO in Chinese 15 Apr 94 p A5

["Dispatch" by special reporter Li Hai (6849 3189): "China Invests 35 Billion Yuan in Construction of Railroads, Expressways in Southwestern Region"]

[Text] Nanning, 14 May (WEN WEI PO)—This reporter has learned from the Chinese Government department concerned that, to promote and speed up the economic development in the western and southwestern regions and to open the regions wider to the outside world, during the "Eighth and Ninth Five-Year Plans," China will invest huge sums of money in the construction of main lines of communication including railroads and highways. Of the total amount of funds for construction, 20 billion yuan will be provided for railroads and 15 billion for highways.

China will build or rebuild a total of 3,000 km of railroad in Sichuan, Yunnan, Guizhou, and Guangxi. The Nanning-Kunming Railroad, which is now being built at a greater speed, will probably go into service in 1996. The Yangpingguan-Chengdu section of the dual-track Baoji-Chengdu Railroad, which constitutes the northern passageway running through the hinterland of the northwestern region; the Chengdu-Daxian County Railroad, which constitutes the eastern passageway; and the Yunnan-Guangda Railroad, which constitutes the western passageway, are now all under construction and are scheduled for completion in late 1995. In addition, the project to electrify the Chengdu-Kunming Railroad, costing 2.6 billion yuan; the Chongqing-Daxian County Electric Railroad; the Wanxian County-Daxian County line; and the Neijiang-Kunming line, are under construction or will begin construction shortly and they are scheduled to go into service within this century.

China will also build or rebuild 5,000 km of trunk highways in the three provinces and one autonomous region. Sichuan will invest 11.3 billion yuan in construction by building new highways and rebuilding old highways in an advanced principal highway network, which will be supported by water transport on the Chang Jiang, making key ports its joints and Chengdu and Chongqing the centers from which the network will extend in

various directions. Sichuan will also build second-class (or first-class) highways which will be connected with the land-and-water coordinated transport networks in various prefectures, autonomous prefectures, and cities across the province. The networks are now connected by expressways and outbound waterways. The main highway linking Shanghai with Chengdu planned by the Communications Ministry will extend from Chengdu to Chongqing and Wanxian County and then proceed beyond Sichuan to other places. The highway will link Chongqing, Guiyang, Nanning, and the sea outlet in the Bacho Gulf. Under this plan, the first phase project will involve the building of 800 km of advanced highways, which will serve as the main framework, and the building or rebuilding of 2,000 km of regional trunk highways.

The department concerned said foreign businessmen are welcome to invest in these projects.

Transport Provides 'Chance' for Foreign Investors

OW0905161294 Beijing XINHUA in English 1523 GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—As construction of the many transport infrastructure projects is beginning to switch on, a huge investment market is being shaped in China's railways, highways, ports, civil aviation and other sectors, providing a rare chance for foreign investors.

The Chinese Government has placed great expectations on overseas funds in its attempt to ease up the strained transportation capacity, which has been a major bottleneck hampering the development of the national economy in recent years.

In its general outline for the last decade of the century, the Chinese Government has attached prime importance to the construction of transport infrastructure.

At the beginning of the 1990s, the central government defined nearly 400 large and medium-sized transport infrastructure construction projects, with a predicted budget of over 700 billion yuan. Among the 151 key construction projects for 1994, which were announced last week by the State Planning Commission, 33 belong to the field of transportation.

In the past few years China's construction of transport infrastructure has experienced a fairly fast development. At present the country has 54,000 km of railways, 1.075 million km of highways, over 300 deep-water berths and more than 40 large and medium-sized civil airports.

However, experts estimate that the existing infrastructure is capable of carrying only about 60 percent of the country's total transport demand. Railways and highways have been much more intensively used than called for by their designed capacity. Meanwhile, in important ports ships have to queue up for days for a berth to load or unload.

According to plans of related departments, by the end of this century China will have 70,000 km of operating railways, 1.2 million km of highways, and the number of deep-water berths in coastal ports will exceed 600, basically alleviating the tight transport condition.

To make sure that these plans are fulfilled, while expanding the state investment, the Chinese Government actively encourages foreign investors to participate in these fields, with preferential policies drafted to ensure profits for foreign businessmen.

Foreign funds have, in fact, played a significant role in China's construction of transport infrastructure in recent years.

Since 1979, the country's rail construction has used loans of some 2.06 billion U.S. dollars from the Japanese Overseas Economic Cooperation Fund, and 1.62 billion U.S. dollars from the World Bank. With the help of which more than 5,700 km of new railways have been constructed and 6,500 km of old rail lines relaid.

To date more than two billion U.S. dollars in overseas loans has been used to construct more than 50 deepwater berths of 10,000-ton class, largely promoting the handling capacity of China's inland and sea ports.

So far foreign funds going to China's transport infrastructure have mainly come from the World Bank, the Japanese Overseas Economic Cooperation Fund and the Asian Development Bank. To raise more construction funds, the Chinese Government is actively exploring even more extensive foreign fund sources, including foreign governments, financial groups, investment institutions and entrepreneurs.

China has instituted preferential policies on tax exemption and reduction, rational sharing of profits and some other aspects for foreign investors. Moreover, many restrictions have been lifted to open a much wider investment field for overseas businessmen.

Sources said that all civil aviation infrastructure, except for the air surveillance system, are open to foreign funds; foreign businessmen can invest exclusively to build docks and open navigation channels and are allowed to construct and manage special port areas and docks on the tracts of land they have invested in.

In addition, China's transport infrastructure construction has also introduced the "build, operate and transfer" arrangement, which refers to a scheme in which foreign businessmen invest in the construction of a project, manage it for a fixed time, then hand over the management and ownership to the local government. Due to its huge potential profits, this arrangement has aroused deep interest among foreign investors.

Most of China's basic industries have defined a recovery rate higher than the credit interest rate on the international financial market. Experts indicate that China's transport infrastructure has the characteristics of low

risk and a high recovery rate, where foreign funds will surely have bright prospects.

At present, the planned Beijing-Shanghai express railway, the national trunk highway network, and a large number of big port and airport projects have become the focus of foreign investors' attention, who are trying to negotiate with related Chinese departments and competing with each other for a share in the huge investment market.

Foreign Loans To Be Used for Chang Jiang Ports

OW0805024894 Beijing XINHUA in English 0154
GMT 8 May 94

[Text] Wuhan, May 8 (XINHUA)—China is planning to apply for foreign loans to construct ports along the Chang Jiang River, according to the Administration of Navigation and Transportation Services of the Chang Jiang River under the Ministry of Communications.

The foreign loans might come from the World Bank, the Asian Development Bank and foreign governments, and the related departments are now making efforts to fulfill the applications, according to an official of the administration.

He said that the ports to be constructed by foreign loans include those at Jiujiang, Wuhu, Maanshan, Nanjing, Zhenjiang, Jiangyin and Gaogang.

The total investment for the construction will be more than 10 billion yuan in a period of ten years, he said.

After the projects are completed, more than 20 berths will be put into use and the handling capacity of the ports will increase by more than 20 million tons.

Over the past decade, the transportation services along the Chang Jiang River had grown rapidly. There are now more than 3,000 corporations in the services and their annual transport capacity reached 12 million tons.

Now there are 25 main ports along the Chang Jiang River and the handling capacity was 158 million tons last year.

Among them, 13 have been approved as open ports to foreign ships.

NPC Studies Legal Management of Real Estate

OW0905160194 Beijing XINHUA in English 1437
GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—Along with the fast development of the real estate sector, it is very necessary to formulate a special law for it and put it under legal management.

This is the common view of Chinese legislators as they are deliberating the draft law on management of urban

real estate sector during the current session of the Standing Committee of the National People's Congress (NPC), China's legislature.

They pointed out that arable land of China has decreased drastically in recent years, thus, approval and renting out of the land also should be put under the legal system.

Vice-Chairman of the NPC Standing Committee Li Peiyao said that it is hard to draw a clear line between rural and urban areas due to economic development, especially in rural industry and service trade.

The vice-chairman suggested that a unified administrative institution be set up for the real estate sector and a single law be formulated for both the urban and rural real estate sectors.

Member Qin Zhongda said that large-scale development of land will likely take place as many people want to reap huge profits from it. The law should provide concrete regulations on how to save land, prevent its waste and punish those bent on trafficking in it. Otherwise, people's living environment will be greatly damaged.

Member Tao Dayong, who is also an economist, pointed out that the draft law under deliberation is very important and ought to be passed as soon as possible.

The economist expressed his worry that without the law, the unhealthy development of the sector will possibly affect reforms, development and social stability.

Member Zou Jue maintained that lax administration of the sector has also led to corruption among some grass-roots officials.

The woman legislator Lin Liyun stressed the protection of private real estate of overseas Chinese and their relatives in China.

She said that governments at all levels have done a lot in recent years in returning houses to Overseas Chinese and their relatives. But new violations of their rights have happened during recent urban construction and the development of the real estate sector. The law should make clear provisions on this, she said.

Zoning Program To Stem Arable Farmland Shrinkage

*HK1005040094 Beijing CHINA DAILY in English
10 May 94 p 1*

[By Wang Yonghong: "Farm Plan Aims To Maximize Production"]

[Text] In a major effort to stem the continuing shrinkage of arable farmland, the government has mapped out a nationwide agricultural zoning programme that will specify how farmland is to be used.

Designed to coordinate the use of agricultural resources, it focuses on tapping all available land to boost farm output.

Under the plan, which is to be unveiled later this year, 10 major farming regions have been targeted for the production of grain, cotton, edible oil, and meat.

They are administered by the state and are located in Northeast China's Three Rivers Plain (Heilongjiang, Songhua River, and Nen River) and Songhua-Liao Rivers Plain, the region of Yellow River, Huaihe River and Haihe River, the northern region of East China, and the middle and lower reaches of the Yangtze River.

The state-level development zones cover 15 provinces and municipalities and account for 39.2 percent of the country's total farmland involving 36.6 percent of total population.

In addition, 16 areas have been selected as provincial-level development zones, according to Zhang Qiaoling, director of the Department of Agricultural Regional Planning under the Ministry of Agriculture.

Priorities include upgrading the country's vast low-yield farmland and developing unused land, Zhang said yesterday.

"There is great potential for in-depth development of agricultural resources in the country through boosting the per hectare output of all available land," she said.

According to Zhang, low-yield land covers 86.7 million hectares or 86 percent of the country's arable land, 78 percent of its aquatic farms, and a quarter of its woodlands.

A recently concluded three-year survey by the Agricultural Ministry and other departments shows that of China's 100 million hectares of farmland, 20 million hectares have poor soil, 20 million hectares suffer from water shortages, 13.3 million hectares are barren hilly terrain and 3.3 million hectares are saline-alkali soil.

Yet many of these areas can be transformed through new farming techniques that will increase output by as much as 100 percent, she said.

But she added the country can only improve a small portion of its waste land, uncultivated hills, shoals, and offshore waters for agricultural use.

Based on the survey results, the government's development scheme will coordinate resources to maximize agricultural output.

The 10 zones set up so far each has a blueprint covering harvesting, animal husbandry, rural industry, farm machinery, forestry, water and soil conservation, groundwater, feeds, and mineral fertilizers.

Zhang said that in the past, resources have been wasted or exploited because of lack of coordination.

And in the past few years, more farmland has been taken over by industry and residential development, she said.

Some 133,000 hectares of farmland are also lost each year to natural disasters while a total of 26.7 million hectares of grassland have become less productive or barren because of overuse, the survey said.

According to Zhang, at least 123 million hectares of arable land—at the current per hectare output—are needed to feed and clothe China's population by the year 2000, which stands at about 1.2 billion at present.

To compensate for this deficit—China has 100 million hectares of arable land—the government plans to boost the output of 33.3 million hectares of low and medium-yield fields by the year 2000.

Over 3 million hectares of wasteland and barren land will also be reclaimed under the programme's first phase.

Forestry Official on Combating Desertification

*OW1005100394 Beijing XINHUA in English 0815
GMT 10 May 94*

[Text] Yinchuan, May 10 (XINHUA)—China has brought 1.7 million ha [hectares] of its deserts under control through various afforestation efforts over the past two years, a senior forestry official said here today.

Zhu Guangyao, deputy minister of forestry, told a national desert survey and monitoring conference that the efforts include planting 1.6 million ha of trees, desert-control extension projects in 20 counties and nine experimental zones.

Desertification is one of the world's ten major environmental issues, while China is one of the countries where desert encroachment is a serious problem, he said. Some 15.9 percent of the total land area, or 1.53 million sq [square] km are under serious threat of desertification.

Zhu said 371,000 sq km of such land causes 4.5 billion yuan (about 520 million U.S. dollars) in direct economic losses annually to local people.

To change this situation, the State Council, China's highest governing body, for the first time listed desert control as one of the major environmental control efforts in the ten-year program for national economic and social development in 1991.

To carry out the program, the State Council has called two national desertification conferences and ratified ten-year desert control projects and enacted some preferential policies to this end.

At present, some 600 development projects are being carried out in the desert areas in China so as to make the best use of desert resources for economic development.

Despite these efforts, however, Zhu Guangyao warned that desertification is still a challenge for China, and environmental deterioration in desert areas remains a chronic problem.

Estimates show that China's desert area will grow at a rate of 1.33 percent annually if effective measures are not taken in the upcoming ten years. This means that China would have another 2300 sq km of desert every year, the equivalent of a medium-sized Chinese county.

Moreover, regional desertification looms large in some grassland, hilly and dry areas in Hebei Province, and the Inner Mongolia and Ningxia Hui Autonomous Regions, where desertification is growing at a rate of five percent a year.

Hulun Buir League, a grassland area in Inner Mongolia, is being threatened by four growing desert zones and serious dune flows. The large-scale exploitation of coal, oil and gas resources in the northwest will put new pressure on the region's fragile ecological environment, he noted.

Viewing the reasons for China's desertification, experts said it is partly the result of global warming, escalating drought and weak environmental protection in some areas in face of booming economic development.

East Region

Anhui Sets Guidelines for Enterprise Militia Work

OW0905124694 Hefei ANHUI RIBAO in Chinese
30 Apr 94 p 1

[Report by Wei Xuepu (7614 1331 2613) and Fan Dashui (5400 1129 3055): "The Provincial Government and the Provincial Military District Jointly Issue a Document Calling For Ensuring a Good Job of Enterprise Militia and Reserve Service Work"]

[Text] The Anhui Provincial Government and the Anhui Provincial Military District recently jointly issued a document setting out specific guidelines for implementing the "Regulations on Enterprise Militia and Reserve Service Work" which were promulgated by seven departments and commissions, including the General Staff Headquarters of the People's Liberation Army [PLA], the PLA General Political Department, and the State Economic Restructuring Commission. The document urged all localities, in the new situation of developing a socialist market economy, to effectively strengthen the party's leadership over armed work and to properly carry out enterprise militia and reserve service work.

The document said that all localities should take various measures to effectively publicize and carry out the "regulations," strengthen leadership over enterprise militia and reserve service work, conduct annual inspections and evaluations, commend outstanding units and individuals, and penalize those who have performed poorly. It said: While carrying out structural reform and transforming enterprises' operating mechanisms, all localities should ensure the independence and stability of enterprises' armed service units. Enterprises—including wholly owned enterprises, joint ventures, and cooperative enterprises—which should have established an armed service unit but have not done so should establish an armed service unit as soon as possible. Those that have abolished their armed service units should immediately reestablish them. Enterprises' armed service organs must not be abolished or merged without approval. If organizational changes are needed due to changes in the enterprise system, they must be subject to the approval of the provincial CPC Committee, the provincial government, and the provincial military district. The document also clearly set forth regulations on the mechanisms of commendation, punishment, and giving incentives for carrying out enterprise militia and reserve service work.

Cities in Chang Jiang Valley Increase Economic Ties

OW1005101994 Beijing XINHUA in English 0848
GMT 10 May 94

[Text] Nanjing, May 10 (XINHUA)—Economic co-operation among cities in the valley of the Chang Jiang, China's longest, is paying off.

With a sound economic foundation, the Chang Jiang Delta generates 40 percent of the nation's industrial and agricultural output value and 50 percent of the state revenue each year.

In December 1985 the governments of Shanghai, China's largest economic center; Nanjing, capital of east China's Jiangsu Province; Wuhan, capital of central China's Hubei Province; and Chongqing, a populous city in southwest China, sponsored a Chang Jiang Valley economic coordination association.

The association, with 23 member cities, has been playing a big role in opening further to the outside world, with Shanghai's Pudong new area, China's largest economic and technological development zone, as the leader since 1992.

In line with its geographical conditions, the valley has formed five economically coordinated zones: the Chang Jiang Delta economic co-operation zone headed by Shanghai, the lower reaches economic co-operation zone with Nanjing as the leader, the middle reaches economic co-operation zone with Wuhan as the center, the upper reaches economic co-operation zone led by Chongqing, and the Panxi-Liupanshui development zone at the juncture of the upper reaches of the Chang Jiang and the Jinsha Jiang.

The 23 major cities in the valley have set up 10 special co-operation groups in the fields of science, funding, navigation, tourism, posts and telecommunications, material supply, trade, environmental protection and social science.

Last year saw these cities lend and borrow a total of 231 billion yuan among themselves.

The special co-operation group for environmental protection has set up a monitoring network consisting of 150 stations along the Chang Jiang to protect the local ecological conditions.

The gross domestic product of Pudong increased by 30 percent last year, thanks to the accessibility of funds, materials, talented people and information from the Chang Jiang Valley's Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan and Sichuan Provinces.

Fujian Farmers Produce Export Crops for Hard Currency

OW1005094794 Beijing XINHUA in English 0742
GMT 10 May 94

[Text] Fuzhou, May 10 (XINHUA)—Farmers in Fujian, a coastal province in China's southeast, have become major hard currency earners as it has reorienting their rural industry to the export market.

According to a local official, farmers here produced 18.9 billion yuan-worth of farm products for the international market last year, an increase of 91.7 percent over the previous year.

The figure, he said, represents 17.9 percent of the province's total agricultural and industrial output. Most of these items are produced in Fuzhou, the provincial capital, and Xiamen and Quanzhou cities, and the districts of Nanping, Ningde and Longyan.

To enhance exports, the province has established a number of production bases for fruits, flowers, vegetables, edible fungus and sea food.

Township enterprises are also contributing to the province in the production of exports. There are 6,544 export-oriented rural enterprises, 20 percent of which are foreign-funded. These enterprises alone have so far turned out 18.258 billion yuan-worth of exports.

Jiangxi Security Department's Anticorruption Work

HK0905153194 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 7 May 94

[Text] Public security organs throughout the province have brought the role of discipline inspection, supervision, and auditing departments into full play; persisted in managing police forces strictly; strengthened legal inspection; strictly enforced auditing rules and regulations; and exercised strict supervision over everything; thus achieving phased results in their anticorruption struggle. During the struggle, among public security personnel across the province, 343 cadres at the county and section levels and 204 county and city public security bureau directors and political commissars earnestly conducted self-examination and self-correction. Anticorruption reporting telephone lines were installed; 308 submissions of anticorruption cases were handled; 170 police officers and men were seriously investigated and punished; the unhealthy practices of wantonly collecting fees, fines, and apportionments was severely curbed; 20 wanton-collection items were scrapped; excessively collected fees amounting to 430,000 yuan were returned to their owners, while fees amounting to 640,000 yuan were turned to the state treasury; and 169 companies and economies entities of various types operated by public security organs were cleared up and rectified, or were disbanded and decoupled from the public security organs. The province also set up 158 law enforcement and inspection teams to earnestly conduct a mass law enforcement survey and solve problems cropping up in the course of law enforcement, such as bending the law for the benefit of relatives or friends, bending the law out for personal considerations, not being strict in enforcing laws, and not enforcing laws impartially, thus putting an end to the unhealthy practices of engaging in smuggling, protecting smuggling, and seizing smugglers or smuggled goods by overstepping their authority.

Auditing and supervision departments have served not only as guardians for economic management, but also as doctors for money management. Since 1989, they have halted and corrected discipline violations involving a total amount of 13.46 million yuan and have increased revenues amounting to 320,000 yuan by saving losses

and waste, thus promoting public security organs to use their limited funds where they were needed most.

Shandong Province First To 'Basically' Eradicate Leprosy

OW1005032394 Beijing XINHUA in English 0252 GMT 10 May 94

[Text] Jinan, May 10 (XINHUA)—Shandong Province has become China's first province to be basically free from leprosy.

According to the Ministry of Public Health, the province also took the lead in the country in wiping out kala-azar, filariasis and malaria.

According to historical data, this coastal province in east China has had a history of leprosy of 2,500 years.

A survey in 1960 found that the incidence of leprosy reached 0.1 percent in 16 counties and 0.01 percent to 0.1 percent in 74 counties.

To wipe out the infectious disease, the Shandong provincial government has set up 79 special leprosy control and treatment organizations since 1955. These organizations have employed 1,691 people.

While launching massive publicity on the elimination of leprosy, these organizations have carefully ferreted out leprosy cases and effectively studied and treated the diseases over the past four decades.

By the end of last year the province had cured 39,654 leprosy cases.

Shandong now has 255 patients under treatment.

Its incidence of leprosy over the past five years has dropped below 0.5 per 100,000 people, reaching the standard set by the Ministry of Public Health.

Shanghai's Estimated Population 15.3 Million

OW0805145294 Shanghai WEN HUI BAO in Chinese 21 Apr 94 p 1

[Excerpt] A survey conducted by the Shanghai Municipal Public Security Bureau and the Shanghai Municipal Statistics Bureau shows that the current actual population of Shanghai is 15.3 million. The survey also shows that Shanghai's floating population has increased and that the rate of floating population has increased as well. [passage omitted]

Central-South Region

Guangdong Province Elects New Vice Governor

HK0905131694 Beijing XINHUA Hong Kong
Service in Chinese 0834 GMT 30 Apr 94

[Text] Guangzhou, 30 Apr (XINHUA)—The Eighth Session of Guangdong's Eighth Provincial People's Congress Standing Committee, which concluded today, approved the promotion of Zhong Qiquan, formerly secretary general of the provincial government, to the post of vice governor.

University-educated and a senior economist, Zhong Qiquan has long been involved in economic work and was once general manager of the Yuehai Material Company and director of the Guangdong Provincial Planning Committee.

Born in the Jiaoling County in October 1942, Zhong Qiquan graduated from the Beijing Institute of Industrial and Commercial Management in 1965 and has worked in Guangdong Province ever since.

Guangdong Issues Circular on Price Controls

HK0905133694 Guangzhou Guangdong People's
Radio Network in Mandarin 0400 GMT 6 May 94

[Text] The provincial people's government recently issued a circular calling on all areas across the province to place a total of 25 daily necessities and services under price supervision and control.

The 25 daily necessities and services placed under price supervision and control, as stipulated in the provincial people's government circular, are as follows: Rice, wheat flour, peanut oil, pork, eggs, milk, salt, soy sauce, mainland vegetables, detergent, coal, liquefied petroleum gas, coal gas, running water, electricity, public transportation, tuition and miscellaneous fees, child-care fees, medical fees, food and drink, rent, commodity residential quarters, hotel rooms, and so on.

The circular stated: In order to place the prices of these daily necessities and services, those cities and counties that have not yet set up a grain-risk fund or a main non-staple food price regulation fund, should waste no time in setting up such funds, while those cities and counties that have set up such funds already, should take further steps to improve the relevant systems and measures and should employ more economic means to regulate and control market commodity prices.

Shenzhen Tries To Resolve Water Shortage Problem

HK0905141894 Beijing ZHONGGUO XINWEN
SHE in English 1126 GMT 9 May 94

[Text] Shenzhen, May 9 (CNS)—Shenzhen is seeing an annual increase in spending on its water supply system, put at RMB [Renminbi] 480 million for this year for a

water resources project, water supply work and a water treatment plant. The amount of capital involved is over 100 percent up over last year, an historical record for the input of capital into the water supply system.

Shenzhen and its adjacent city of Hong Kong suffer from a water shortage while China as a whole is a country short of water. Shenzhen has in recent years seen rapid economic development. A sharp rise in its population has resulted in an unbalance of supply and demand of water. According to the water supply programme for the municipality, the year-round general demand for water by the year 2000 will be 1.62 billion cubic metres. The water for the present annual demand is about one billion cubic metres while the supply of water is much less than the demand, making Shenzhen one of the seven cities suffering the most serious water shortage across the country.

The municipality established a water bureau responsible for planning for the water supply. According to the plan, Shenzhen will carry out work on three networks for the water supply in a bid to develop a unified water supply system across the municipality. The entire project needs a total input of between RMB 4 billion and RMB 5 billion.

Shenzhen has spent a sum of money on the building up of its water supply system in the past three years. The input of capital into water resources was put at RMB 100 million in 1992 and RMB 200 million in 1993. The water resources project this year will cost RMB 140 million while the water supply work and the water treatment plant will see a gross input of RMB 340 million.

A number of water conservancy projects either newly set up or expanded have been carried out in the last three years. They include expansion of the Meilin Reservoir, a water diversion project and work on the Meilin water plant.

Shenzhen has so far made the Shenzhen Reservoir as its main source of water supply supported by the Tiegang Reservoir and the Xiuli Reservoir. The Meilin Reservoir will play a role in balancing the water supply network across the municipality.

Hainan Armed Police Corps Captures Crime Gang

OW0905141594 Beijing XINHUA Domestic Service
in Chinese 0935 GMT 9 May 94

[By XINHUA correspondent Chen Peng (7115 7720)]

[Text] Haikou, 9 May (XINHUA)—The Hainan Armed Police Corps recently captured a crime gang in Xinpo Town in Qionghua City.

Chen Pixiong, Zhou Nucai, Liu Jiujin and others in the village assembled a dozen of so young people who loved pleasures and loathed work and formed themselves into a gang. So far this year they have regularly used guns and

other lethal weapons to stop vehicles travelling on the expressway by the village and rob the passengers of their money and belongings; and they also entered people's houses to steal and rob them. The money and belongings they have stolen exceeded 200,000 yuan.

Determined to annihilate the gang, the Qiongsan Municipal Public Security Bureau had on many occasions sent police to the town to detect the gang's whereabouts. On the night of 27 April, public security police, with the masses' assistance, learned that the gang's ringleaders and other members had returned to the village to rest, and immediately informed the Hainan Public Security Department, which in turn informed the Hainan Armed Police Corps, demanding that personnel be sent to the village to destroy the gang. The Hainan Armed Police Corps immediately selected 50 officers and men to encircle and capture the gang. Early in the morning the next day, the armed police, without firing a single bullet, captured all the ringleaders and members of the gang.

Original Version

OW0905141494 Beijing XINHUA Domestic Service
in Chinese 2134 GMT 8 May 94

["Newsletter" by XINHUA correspondent Chen Peng (7115 7720): "A Factual Account of the Capturing of a Crime Gang in Qiongsan"; Beijing XINHUA Domestic Service in Chinese at 0935 GMT on 9 May transmits a service message replacing the following item with the item published above]

[Text] Haikou, 9 May (XINHUA)—It was early in the morning on 28 April 1994, and Aopo, a village 20 kilometers southwest of Xinpo Town in Qiongsan City, Hainan, was engulfed by darkness.

At 0330, four white police vehicles quietly parked by the village. Hopping out from the first was Yang Shouhua, deputy chief of the Hainan Armed Police Corps. He was followed by Xu Mingzhi and Cheng Zhongli, respectively chief and deputy chief of staff of the third detachment; and Wei Gang, a training section chief. After they consulted with each other for a short while, they motioned the other vehicles, and over 40 awe-inspiring special police force members—wearing helmets, camouflaged uniforms and bullet-proof vests and armed with submachine guns—jumped out from the vehicles.

What happened in the village? It turned out that six villagers who loathed honest labor—Chen Pixiong, Zhou Nucai, Liang Jiujin, Liang Piliu, Liang Pisan, and Liang Pier—had assembled a dozen or so young men, who loved pleasures but loathed labor, and formed themselves into a gang. With such lethal weapons as handguns and submachine guns—which they purchased, and daggers, and home-made machetes and spears, the gang members made it a regular practice to stop vehicles travelling on the expressway by the village late at night and robbed the passengers of their money and belongings. The ways they committed their crimes were quite

ruthless. They also openly and brazenly went into villagers' houses to rob and burglarized them. So far this year they have robbed and stolen money and belongings amounting to more than 200,000 yuan.

Determined to annihilate the gang, the Qiongsan Municipal Public Security Bureau had on many occasion sent police to the town to detect the gang's whereabouts.

At 2315 on 27 April, the police, with the villagers' assistance, learned that the main culprits and other gang members had returned to the village to rest, and immediately reported the situation to the Hainan Provincial Public Security Department, which in turn informed the Hainan Armed Police Corps, demanding that personnel be sent to the village to destroy the gang and remove a menace of the people.

After receiving the information, the Hainan Armed Police Corps immediately met to discuss ways to capture the robbers. It soon decided to select 50 officers and men from the corps' third detachment to encircle and capture the gang.

At 0250, four police vehicles with over 50 armed police officers and men proceeded to the town.

They arrived at the village at 0330. Knowing that the residences of the ringleaders and other gang members were scattered, the armed police divided themselves into six teams, and they adopted the tactics of closing in various locations secretly and quietly, and acted unexpectedly and quickly.

Soon after they closed in on ringleader Liang Pier's house, Wei Gang, chief of the third squad and leader of his six fully armed special force members, kicked the door open and stormed into Liang's room with lightning speed, and yelled: "Hand over your gun or die!" Awakened from his sweet dream and staring at the muzzle, Liang slumped down limply.

When Third Detachment Staff Li Long and members of his second special force squad stormed into the room of another ringleader, Liang Pisan, and turned on the light in the room, Liang was still sleeping like a dead pig in his underwear.

"Get up, quick!" The officers and men yelled at him.

"Hey, what are you guys so upright about!" Liang still thought that it was other gang members calling him.

"Open your dog eyes, we are an armed police force!" Upon hearing this, Liang Pisan sat up in bed. His body trembled uncontrollably, and he wetted the sheet.... [ellipses as received]

Liang Jiujin was not yet asleep. He sensed the movements outside and he realized something ~~had gone~~ wrong. Hurriedly he put on his clothes, opened the door and tried to flee.

"Stop!" shouted Cheng Zhongli, the third detachment deputy chief of staff, at the culprit, when he and his squad swooped down on Liang's residence. In desperation, Liang Jiujin, like a mouse seeing a cat, dashed toward the village entrance. But he was soon tripped on the ground by a strong fighter, then he groaned with excruciating pain.

Without firing a single bullet, the armed police officers and men captured each and every gang member by 0410.

From their lodges, the armed police found a 45mm handgun, two submachine guns, five long and short muskets, and 18 bullets, as well as the money and other loot that the robbers had robbed, including color television sets, a tractor, and a gold necklace. The armed police had now removed a big menace for the people by completely destroying this gang, which had committed many crimes.

Hainan Accelerates Posts, Telecommunications Construction

HK0905114994 Beijing ZHONGGUO XINWEN
SHE in English 0812 GMT 9 May 94

[Text] Haikou, May 9 (CNS)—Director of the Hainan Provincial Bureau of Posts and Telecommunications, Mr. Sun Fu, in an interview with this agency, said that with the completion of a digital microwave line from Haikou to Guangzhou, the optical fibre cable between Haikou and Guangzhou and the Haikou satellite ground station, the whole project for posts and telecommunications modernization in the province would be completed within this year.

According to Mr. Sun, the posts and telecommunications project, being a state key item planned for completion this year, has two parts: a postal project and a telecommunications project with a total investment of RMB [Renminbi] 1.5 billion this year.

The project for posts modernization in the province, a unique trial item in the country, has four big items including an automated mail sorting system; an item for transforming all mail vans into ones with container equipment; an express mail tracking and inquiring system and a computer network for postal savings business and newspaper distribution in the island province.

At present, the postal hub building for automatic mail sorting is now under enlargement, mail vans have become automated as has also the distribution of newspapers.

The modernization of telecommunications is now underway with items including a digital microwave project for the whole island, programme-controlled telephone projects in the province's 13 cities and counties, optical transmission lines with one from Haikou to Sanya and another from Haikou to Danzhou and then to Yangpu and an island-wide mobile telephone project.

According to the director, a microwave transmission tower has been completed, a digital microwave cable with 1,920 lines for the eastern and central parts of the province has been nearly completed except for a section from Sanya to Ledong. Programme-controlled telephone projects in the 13 cities and counties went into service on May 1. An automatic radio-paging system will go into service by the end of next month. The Haikou-Sanya-Danzhou-Yangpu optical transmission project will be completed and put into service in the second half of this year.

Hunan Nationalities Commission Holds News Briefing

HK0905134494 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 6 May 94

[Text] It was learned from a news briefing held by the provincial nationalities affairs commission yesterday [6 May] that the second national conference on commending advanced nationalities affairs work units and relevant individuals is to be convened in September this year.

In view of the upcoming national conference, the provincial party committee and people's government urged news units at all levels in the province to fully comprehend the importance of and energetically publicize the upcoming national conference.

Shi Yuzhen, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference and chairman of the provincial nationalities affairs commission, delivered a speech at yesterday's news briefing in which she stated: The upcoming second national conference on commending advanced nationalities affairs work units and relevant individuals is another political activity of far-reaching political significance since the first national conference on commending advanced nationalities affairs work units and relevant individuals was held in 1988. The upcoming national conference is set to commend advanced nationalities affairs work units and relevant individuals; sum up glorious achievements and experiences in the country's nationalities affairs work; and study and work out new ways and means to improve nationalities affairs work under the new circumstances of building a socialist market economy structure.

Shi Yuzhen expressed the hope that news units at all levels in the province will make unreserved efforts to publicize each and every advanced nationalities affairs unit and relevant individual, thereby providing good examples for the cadres and people of all nationalities on all fronts across the province to follow.

Wang Xuande, member of the standing committee of the provincial party committee and director of the provincial propaganda department, and Vice Governor Tang Zhixiang also attended and addressed yesterday's news briefing.

Southwest Region

Guizhou Industrial Production Increases

HK0905130294 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 7 May 94

[Text] According to statistics compiled by the provincial statistical bureau, our province's industrial production further increased in April. Total industrial production output value at the township level and above was 3.0478 billion yuan, an increase of 7.6 percent over the same period last year. At present, industrial development trends in our province have the following features:

1. Heavy industry still occupies an important position in the overall industrial production, and in particular, the production of non-ferrous metals smelting industry and the iron smelting industry have increased further. In April, the total production output value of heavy industry reached 2.167 billion yuan, 11.7 percent more than that of the same period last year. Heavy industry's sales volume was 2.021 billion yuan, up 6 percent over the corresponding period last year. Its production and marketing rate was 93.2 percent.

2. The production of summer beverages, like beer and alcohol-free soft drinks, has developed more rapidly. The production of energy products also has maintained a better momentum. In April, generated energy was 1.37 billion kwh, an increase of 36.3 over the same period last year. Production output of raw coal was 4.09 million tons, 17.4 percent more than that of the same period last year. Production output of natural gas was 26.36 million cubic meter, up 400 percent over the corresponding period last year.

3. Production costs have increased by a wide margin, and the deficit situation remains serious. According to the results of investigations made in 201 large and medium-sized industrial enterprises, there were 123 deficit-making enterprises, accounting for 61 percent of the total. The newly increased deficits occurred mainly in the machinery, chemical, and light industrial sectors. Therefore, they face a very strenuous task of turning from deficits to profits.

Yunnan Procuratorial Work Report

HK0605150994 Kunming YUNNAN RIBAO in Chinese 13 Mar 94 pp 3, 6

['Excerpts' of report by Yunnan Chief Procurator He Zhanjun at Second Session of Eighth Yunnan People's Congress on 4 March: "Yunnan Provincial People's Procuratorial Work Report"]

[Text] In 1993, the procuratorial organs in Yunnan Province seriously implemented the spirit of the 14th CPC National Congress and of the First Session of the Eighth National People's Congress [NPC], and the decision made by the first session of the Eighth Yunnan

Provincial People's Congress on the provincial procuratorial work report; upheld the guiding thought of serving socialist economic construction, reform, and opening up, as well as the principle of "grasping the reform and opening up with one hand and the crackdown on criminal activities with the other"; resolutely implemented the CPC Central Committee's important decision on thoroughly launching the struggle against corruption and the NPC's laws and regulations on punishing economic crimes such as corruption and bribery; earnestly discharged the procuratorial organ duty of legal supervision; strictly enforced the law and handled cases vigorously; resolutely punished economic crimes such as corruption and bribery; severely cracked down on criminal activities of various kinds; scored better results in procuratorial undertakings on the basis of the previous year; and made active contributions to safeguarding social stability, border tranquility, and to protecting and promoting a smooth process of the reform, opening up, and economic construction.

The main situation in our province's procuratorial work in 1993 was as follows:

1. Resolutely Implementing the CPC Central Committee's Decision on the Struggle Against Corruption; Concentrating Efforts and Using Legal Weapons To Crack Down on Economic Crimes Such as Corruption and Bribery

In 1993, the procuratorial organs at various levels in our province continued to view cracking down on economic crimes such as corruption and bribery as a key task. Particularly after the second plenary session of the Central Commission for Discipline Inspection, procuratorial organs immediately took action to resolutely implement the CPC Central Committee's arrangements and Comrade Jiang Zemin's instructions on "concentrating strength to crack down on a number of big and serious cases" and "striving for marked results in phases in the near future." Under the unified leadership of the provincial party committee and the party committees at various levels, procuratorial organs acted vigorously and speedily, organized efforts carefully, increased the weight of the struggle against corruption and bribery, and concentrated their strength to severely crack down on cases, especially big and serious cases. Last year, they received reports on 2,804 cases of economic crimes and opened files to investigate 1,384 of these. Of the cases for which files were opened for investigation, 584 were corruption cases, 43.32 percent of the total; 127 were bribery cases, 9.42 percent; 306 cases involved embezzlement of public funds, 22.7 percent; 111 cases involved counterfeit trademarks, 8.23 percent; and 181 cases involved tax evasion, refusal to pay tax, and tax fraud, 13.43 percent of the total. There were 749 big and serious cases involving more than 10,000 yuan or cadres at or above county and department levels, accounting for 55.6 percent of the cases for which files were opened. The proportion of big and serious cases increased by 23.3 percentage points over 1992. At present, the organs have: Finished handling 1,285 cases involving 1,524 persons;

brought 551 cases to court involving 657 persons; and waived prosecutions in 496 cases involving 581 persons. They retrieved economic losses of 39.07 million yuan for the state and collectives, a 41.8 percent increase over 1992.

1. Seriously learning from a series of instructions given by the central leadership and the provincial party committee and continuously deepening understanding of the important and profound meaning of the struggle against corruption. After the central leadership issued the instruction on strengthening the struggle against corruption, the provincial procuratorate held a telephone conference and a meeting of heads of subprocuratorates, prefecture procuratorates, and city procuratorates, to relay the instruction and make arrangements. The procuratorate also organized procuratorial police, especially leading cadres, in carefully and seriously learning from the important speech by Comrade Jiang Zemin and the spirit of the second plenary session of the Central Commission for Discipline Inspection, as well as the relevant instruction by the provincial party committee, to thoroughly understand the important and profound meaning of the struggle against corruption and the guiding thought in the anticorruption drive. Efforts were made to sum up assessments of the work in combating corruption and bribery during the past several years and to sort out and tackle some ambiguous understandings and the passivity, complaints, and fears about the difficulties which once existed among a small number of cadres and policemen. The broad masses of procuratorial policemen in the whole province joined the struggle against corruption with a strong will, staunch determination, great enthusiasm, and a vigorous fighting spirit. The work in combating corruption and bribery continuously developed in depth and in the correct direction.

2. Upholding the mass line, strengthening the work in receiving reports and complaints, and relying on and mobilizing the masses in thoroughly launching the struggle against corruption and bribery. The work of receiving reports and complaints is a good style through which procuratorial organs can follow the mass line and, on the other hand, it is a main channel through which procuratorial organs open files to handle cases. In August, the provincial procuratorate convened a meeting on the work of receiving reports and complaints by procuratorial organs throughout the province and adopted six measures, including: Extensively publicizing the work of receiving reports and complaints; once again publicizing the phone numbers and addresses to which reports can be made; increasing the days and times for procurators to meet the masses; promptly informing the people the state and results of investigations into their complaints; and strengthening the work of investigating, supervising, and keeping confidential the clues provided by reports. These measures aroused the enthusiasm of the masses to make reports and a good trend emerged wherein the reports made by the masses rapidly increased month by month and quarter after quarter.

According to statistics, in the whole of 1993, 3,248 tip-offs regarding economic crimes such as corruption and bribery were received from the masses making reports. Of these tip-offs, 2,294 were received during the period August to December, an increase of 240 percent over the previous seven months during which 954 were received. The quality of the tip-offs, and the rate of the tip-offs being established as cases, also improved dramatically. Of the cases of economic crimes such as corruption and bribery for which files were opened for investigation by the procuratorial organs, 53 percent were based on tip-offs reported by the masses and many of them were big and serious cases. In order to encourage, support, and protect the enthusiasm of the masses for reporting lawbreaking and criminal activities, the procuratorial organs resolutely honored the policy of awarding the persons who had merit in making the reports and resolutely handled and investigated cases of reprisal against persons making the reports to ensure a healthy and smooth development of reporting work.

3. Concentrating strength in handling big and serious cases and pinpointing key areas. Following the central leadership's instruction that the struggle against corruption should pinpoint leading party and government departments, judicial departments, administrative and law enforcement departments, and economic management departments, and that strength must be concentrated to investigate into a number of big and serious cases, all procuratorial organs made careful arrangements, vigorously launching the work of investigating cases and adopting the following measures: First, they sorted out big and serious cases for investigation. In the second half of last year, efforts were made on two occasions to sort out and investigate tip-offs to cases throughout the whole province. After the big and serious cases had been identified, they were studied one by one and forces were organized to crack the cases batch by batch and phase by phase. Second, when investigating big and serious cases, the responsibility system for handling cases, namely the "four fix's and one guarantee," was practiced as follows: "Fix the leadership, fix the personnel, fix the plan, and fix the period, as well as guarantee the funds for handling the cases." Third, chief procurators personally took command and directly participated in investigations into the big and serious cases which had great impact, caused great harm, and involved interference and a great degree of difficulty. Fourth, establishing a system for supervising the handling of cases, a system for urging the swift handling of cases, and a system for reporting cases to the senior levels for the records, therefore the senior departments could always monitor the situation and the progress of handling big and serious cases. Fifth, strengthening cooperation and coordination between public security departments, law courts, discipline inspection commissions, and supervisory organs. Sixth, in light of the situation whereby in recent years there has been an increasing number of economic criminals committing crimes inside and outside the province and then fleeing with the money, the provincial procuratorate strengthened unified command

and coordination work toward big and serious cases. By adopting these measures, they effectively increased the strength of the work of handling and investigating big and serious cases and improved their efficiency when handling such cases. Last year, the procuratorial organs opened investigation files on 737 big cases of economic crimes such as corruption and bribery each of which involved over 10,000 yuan. Of this total, 75 cases involved between 100,000 and 500,000 yuan, 11 cases involved between 500,000 and 1 million yuan, and 13 cases involved over 1 million yuan. In the second half of last year, procuratorial organs opened investigation files for 825 cases, an increase of 57.7 percent over the 523 cases in the first half of last year. Of these cases: Some 410 involved personnel in leading party and government departments, judicial organs, administrative and law enforcement organs, and economic management departments, accounting for 30.41 percent of the total number of files opened; Shu Kaitai, a former deputy head of the provincial personnel department, received bribes of more than 200,000 yuan; He Zizhong, a former chairman of the Dehong Dai-Jingpo Autonomous Prefecture Chinese People's Political Consultative Conference [CPPCC] Committee, took opportunities arising from his office when he served as vice prefecture governor, to embezzle more than 2 million yuan; Cao Wei, a former deputy chief of a certain section in the Yunnan Bureau of State Administration of Exchange Control, took bribes of more than 4 million yuan, collaborating with another three persons; Ren Shujun, head of the labor management office of the provincial labor department, and Kou Wei, a cadre in the office, abused power and breached rules in performing formalities for the transfer of personnel, in return for bribes of more than 100,000 yuan; and Wu Hancheng, deputy commander of the traffic brigade of Wanding City Public Security Bureau, took bribes of more than 90,000 yuan when he ran a car business in the name of the traffic brigade, and so on.

When they made efforts to investigate into cases of corruption and bribery, the procuratorial organs at various levels also investigated a number of serious and extraordinarily large cases of counterfeit trademarks, tax evasion, refusal to pay tax, and tax fraud. Last year, the procuratorial organs opened investigation files on a total of 83 serious cases of counterfeit tobacco which claimed to be Yunnan's famous and quality tobacco, as well as counterfeit and poor-quality wines, foodstuffs, pesticides, and chemical fertilizers, an 84.4 percent increase over the previous year. A total of 181 cases of tax evasion, refusal to pay tax, and tax fraud were looked into and handled, up 45.5 percent. For example, Kunming City Wuhua District Procuratorate investigated a case in which He Yuanbao, general manager of Yunnan office of Hainan International Joint Investment Company Limited, collaborated with his men in carrying out criminal activities involving counterfeit "Red Pagoda Hill" tobacco. The case involved some 8 million yuan and He and his men reaped undue profits amounting to 2 million yuan. The procuratorates in the counties and

cities such as Kaiyuan, Chenggong, Shuifu, and Ximeng also uncovered four very serious cases in which tricks were used to cheat the state into reimbursing tax. Each of these cases involved over 10 million yuan. Through investigating and handling these cases, the procuratorial organs dealt a severe blow to the criminal elements who had committed serious crimes, safeguarded the market economy order and tax collection work, and protected the interests of the state and the people.

4. Strictly enforcing the law, correctly implementing laws and policies, and earnestly ensuring the quality of handling cases. Under the circumstances whereby reform was being deepened, opening up was being expanded, and the old system was changing into a new system, investigations into and handling of economic crimes faced many new conditions and new problems. Not only were the conditions of criminal activities very complicated but there were also some problems for which the laws did not have specific written prescriptions or which the policies did not allow us to distinguish and grasp. Therefore, the procuratorial organs at various levels attached greater importance to the principle that: "First, act resolutely, and second, act prudently, exhausting every effort to be accurate," a principle which they voluntarily upheld. When handling specific cases, they paid attention to thorough investigation and research, clarified facts and circumstances, strictly fixed the boundary between what was a crime and what was not according to the relevant law, and correctly determined the nature of the crime and defined it. To ensure the quality of handling cases, procuratorial organs upheld the policy of division of labor and dividing levels when handling big and serious cases; separated investigation, arrest, and prosecution, and strengthened internal restraint; and let the procuratorial commission discuss and decide collectively every big and serious case. When a case could not be determined immediately, it was not handled hastily; effective systems and measures, such as requesting for instructions and making reports, were strengthened so that the best efforts were made to handle every case properly and solidly and to avoid mistakes, overlooking, miscarriages of justice, and letting criminals go. Attention was also paid to grasping the strategy of struggle and embodying the policy of lenience and strictness. At the same time, in work, the principle of the "three conducive's" was seriously implemented. Attention was paid to the political and economic effects of handling cases but even more was paid to the social effects of handling cases, so that procuratorial work could better serve economic construction. Although the work in handling cases last year was arduous, the time was pressing, and the degree of difficulty was great, in general, the quality of handling cases was good and no big errors or mistakes were discovered. Regarding the cases for which erroneous verdicts were given during the previous several years, once they were discovered, a serious and solemn attitude was adopted and the principle of "correcting every error" was upheld, to correct them according to law and in the manner of seeking truth from facts.

REGIONAL AFFAIRS

47

Judged overall, an absolute majority of the personnel in our party and state organs are honest, law-abiding, diligent, and serve the people. However, a small handful of seriously corrupt elements do indeed exist and we cannot underestimate their potential for harm. We must soberly realize that the struggle against corruption and degeneration is a long-term and arduous duty, which penetrates the whole process of the building of socialism with Chinese characteristics. We think that we must not overestimate the recent achievements in the struggle against corruption and bribery, that we must not be complacent with the initial results we have scored, and that we must resolutely, tenaciously, thoroughly, and persistently carry out the struggle against corruption and bribery.

II. Severely Crack Down on Serious Criminal Activities, Safeguard Social Stability and State Security

Last year, provincial procuratorial organs received requests from public security organs and state security organs for the arrest of 30,297 persons and, after examination, they granted approvals to arrest 26,758 people. They also handled 30,874 persons who were transferred to the procuratorial organs for proceedings to be initiated, as well as 608 people requesting proceedings waivers. After examination, they initiated proceedings against 25,518 persons and waived proceedings for 1,399 people.

Responding to the conditions and features of criminal activities in our province, we mainly grasped the following tasks:

1. **Emphasizing key areas and according to law, we severely, swiftly, and harshly cracked down on the criminal activities which caused serious harm.** The spearhead of the struggle was always aimed at murderers, robbers, rapists, offenders employing explosives, armed criminals, gangs, and crimes by triad societies. Last year, approval was granted to arrest 14,304 of the abovementioned criminals and proceedings were initiated against 13,649 of them, accounting for 53.46 percent of the criminals for whom arrest approvals were granted and 51.01 percent of the total number of persons against whom proceedings were initiated. Concerning the extraordinarily big cases, the measures such as intervening ahead of schedule, giving priority in handling, and making arrests and initiating proceedings swiftly, were adopted to strengthen the weight of handling cases, improve the efficiency in handling, and give full play to the might of legal weapons, dealing a severe blow to the arrogance of the serious criminals.

2. **Resolutely and continuously cracking down on drug-related crimes.** Drug-related crime has always been an acute area for criminal activities in our province. Last year, the procuratorial organs granted approval for the arrest of 3,209 drug-related criminals, initiating proceedings against 3,271 of them. At the same time, they organized forces to actively participate two province-wide "26 June" and "26 October" campaigns to severely

punish drug-related crime, burn drugs, and extensively publicize the relevant regulations, cracking down on a large number of drug-related criminals.

3. **Resolutely cracking down on criminal activities by hostile elements which jeopardize the country's security.** The procuratorial organs received requests from the state security organs to arrest counterrevolutionary criminals such as special agents and spies, handling some of those criminals who were handed over for the purpose of initiating proceedings; after carefully examining the cases, they granted approval to arrest and prosecute 22 persons, promptly and in accordance with the law. They strengthened the work of examining requests to arrest people and to prosecute people involved in foreign-related criminal cases, effectively safeguarding the country's security and stability along the border.

4. **Actively participating in various special struggles, special rectifications, and working to combat disorder in key districts.** Under the unified leadership of local party committees and governments, procuratorial organs at various levels actively participated in the national, provincial, and regional campaigns such as "one cracking down and two banning's," (cracking down on abduction and the selling of women and children, banning prostitution, and banning drugs), the antitheft struggle, the struggle against smuggling, and the encroachment of hooligans who rob passengers, thus forcefully cracking down on criminal activities which seriously undermine law and order. They actively participated in handling emergency incidents and in combating disorder in the districts which had chaotic law and order, thus safeguarding social stability.

Integrating the handling of cases with various other procuratorial duties, procuratorial organs at various levels seriously implemented the "Yunnan Province Regulations on Comprehensive Management of Public Order." According to the principles of combining cracking down and prevention, and of tackling both the symptom and the cause, they actively took part in the comprehensive management of public order and, through launching extensive and thorough mass education to publicize the legal system, they actively launched "procuratorial suggestion" activities. They visited those who had proceedings waived and supervised and examined the situation of prisoners serving their terms outside prison. They seriously and promptly handled the "emergency" letters and visits by the masses, fostering the sense of legal system and lawabiding concepts among the broad masses, especially the young people. They also promptly and correctly handled various kinds of contradictions among the people, reduced the destabilizing factors which could affect social stability, and prevented lawbreaking and criminal activities.

Over the past year, by the common efforts of specific organs and the broad masses of people, achievements were made in areas such as punishing crimes and the comprehensive management of public order and stable public order was maintained in our province. However,

there are still many problems which affect our province's political and social stability and, in some places, the law and order situation is not good, evil phenomena in the society are still pronounced, and the penetration and destruction by hostile forces outside our borders has never stopped. Furthermore, along with the continuous deepening of the reform and the adjustment of interest relations, new contradictions and problems will emerge. Therefore, we must maintain a sober mind and a high degree of alertness and carefully strike at our enemies, punish crime, safeguard stability, and protect the reform.

III. Seriously Perform Procuratorial Duties, Earnestly Strengthen the Supervision of Law Enforcement

The building and perfection of socialist market economy system require a sound legal system as a norm and protection. Last year, the procuratorial organs seriously implemented the Supreme People's Procuratorate's instruction on further thoroughly discharging the duty of legal supervision and strengthened the work in supervising law enforcement.

1 Strengthening supervision over investigation. Strictly adhering to the principle of "using fact as the base and law as the criterion," we earnestly examined arrest approvals and prosecutions. Except for crimes which deserved arrest approval and prosecution, and for which approval was resolutely granted according to law and decisions were made to initiate proceedings, last year, decisions were made to refuse approval for the arrest of 2,079 people and to waive prosecution for 203. At the same time, decisions were made to arrest 269 people who should have been arrested but were not arrested and to initiate proceedings against 71 people who should have been prosecuted but were not prosecuted. A total of 94 pieces of opinion about correcting the unlawful behavior during investigative activities was given. The procuratorates at various levels, through measures such as intervening ahead of schedule and monitoring and supervising cases, strengthened their supervision of investigations into serious, extraordinary, and big cases.

2. Strengthening supervision over hearing criminal cases. Through going to law courts to support prosecutions and examining the verdicts and judgments given by the courts, procuratorial organs at various levels supervised the court trials in accordance with the law. Last year, the procuratorial organs raised objections to 100 verdicts and judgments on criminal cases because they considered them definitely to be erroneous. To date, the law courts have corrected the verdicts in 37 cases. A total of 113 pieces of opinion on correction was offered after unlawful behaviors were discovered during trial activities. Regarding the execution of criminals sentenced to death, procuratorial organs carried out on-the-spot supervision.

3. Strengthening discipline supervision. Investigation into and the handling of five kinds of cases were strengthened, namely: Fraudulent practices for personal

gain, use of torture to extract confessions, illegal detention, dereliction of duty, and major accidents arising from dereliction of duty. Particular efforts were made to investigate malfeasance and "rights infringements" by judicial personnel, as well as administrative and law enforcement personnel. Last year, the procuratorial organs opened investigation files for 366 discipline cases, of which 300 were of the five kinds of cases, 81.97 percent of the total, effectively safeguarding the dignity of the country's law and the citizens' democratic and personal rights.

4. Strengthening supervision over trials of civil cases and administrative cases. At present, there are 13 subprocuratorates, prefecture procuratorates, and city procuratorates and 29 county-level procuratorates which have organs overseeing civil cases and administrative complaints and carrying out the training of personnel who go to posts. Last year, the province received 310 civil (economic) cases of complaints about verdicts and judgments given by the courts, as well as complaints about administration. To date, it has been decided that 31 of the cases should be reviewed and work in reviewing 31 cases has already been finished.

5. Strengthening supervision over implementation. Supervision over the conditions for implementing verdicts and sentences in criminal cases, and implementing policy and law in prisons and reform facilities, has always been given top priority. Last year, efforts were made to strengthen supervision over implementation which was not carried out in accordance with the law and that which was unlawful. Procuratorial organs addressed cases of overdue detention involving 710 people, discovered and corrected 599 incidents of lawbreaking conditions during detention and reform activities. At the same time, according to law, they cracked down on reemerging crimes such as recidivists becoming "bosses and bullies prison," to maintain order in the prison and reform facilities. Attention was also paid to protecting, according to law, the rights of those under detention. In addition, in accordance with the law, they handled 13 cases of corruption, bribery, dereliction of duty, and fraudulent practices for personal gain by 18 prison officers.

IV. Strengthen Building a Contingent and Honesty in Procuratorial Organs

Over the past year, in order to adapt to the development of the situation and to meet the needs of duty, the procuratorial organs mainly grasped the following tasks in the area of building a contingent:

1. Strengthening ideological and political work to enable the broad masses of policemen to catch up with the situation of developments in the areas of deepening the reform, expanding opening up, and establishing the market economy system and to continuously upgrade awareness and voluntariness for implementing the party's basic line and serving economic construction under the new situation. The broad masses of policemen, during

various procuratorial work but especially when investigating big and serious cases, invigorated their spirits, overcame difficulties, enforced the law impartially, fought continuously, and made meaningful contributions to accomplishing the difficult and glorious duties entrusted to procuratorial organs by the party and the state. A large number of advanced figures and collectives emerged. Last year, 34 advanced collectives and 244 advanced personnel were commended by the Supreme People's Procuratorate and the provincial procuratorate. Comrade Yue Congkun, chief of the law and discipline section of Tonghai County Procuratorate, sacrificed himself gloriously when discharging his public duty last August and was granted the title of revolutionary martyr by the provincial people's government.

2. Firmly grasping clean government building for the procuratorial contingent itself. On the basis of organizing policemen to seriously learn from the important instructions on combating corruption issued by the central leadership, the provincial party committee and the Supreme People's Procuratorate, the leading cadres of the procuratorates of various levels launched self-inspection and self-correction strictly according to the five regulations on honesty and self-discipline issued by the central leadership. As regards the problems detected during self-inspection, these were handled according to the relevant regulations. The lawbreaking and discipline-violating personnel within the procuratorial contingent were seriously and solemnly handled according to the principle of "running the procuratorates strictly." At the same time, efforts were made to sort out and rectify companies run by the procuratorial organs. The problem of random charges and fines was also seriously tackled. Concerning the unreasonable charges and fines which amounted to 1,033,500 yuan, 944,400 yuan have been refunded and the rest will be refunded.

3. Strengthening building of a leadership group and training cadres. The work to elect procurators for the provincial procuratorate and 11 subprocuratorates and prefecture and city procuratorates, was accomplished smoothly as the terms of office of the old procurators expired. After this round of elections, the average age of those in the leadership group decreased, their educational attainments improved, the structure became more rational, and the newly elected procurators were given on-the-job training by the Supreme People's Procuratorate and the provincial procuratorate. At the same time, responding to the needs of the situation and duty, various styles were adopted to strengthen work in training cadres. As a result, the professional quality and combat ability of the procuratorial police was upgraded.

Over the past year, although our province's procuratorial work scored good results and some areas made new breakthroughs and headway, a small number of leading comrades in some units did not have an adequate understanding of the great significance of the anticorruption drive, their emphases were not great enough, and their measures were not adequately effective.

Deputies:

The year 1994 is a very important and extremely crucial one for deepening the reform and expediting economic development and a series of reform measures has been and will be promulgated. The new situation raises new and higher demands for procuratorial work. The duties of the procuratorial work in our province this year are: Resolutely using Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as guidance; thoroughly implementing the spirit of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee; upholding the party's basic line and adhering to the political orientation whereby procuratorial work serves economic construction, reform, and opening up; adhering to the ideological line of seeking truth from facts; upholding the principle of "doing two kinds of work simultaneously and with equal firmness"; strengthening procuratorial organs' legal supervision duty; enforcing the law strictly and handling cases diligently; thoroughly launching the struggle against corruption and degeneration; severely cracking down on serious criminal activities; actively taking part in the comprehensive management of public order; enabling our province's procuratorial work to have a new development; and making new contributions to safeguarding social and political stability to ensure a smooth process for the reform, opening up, and modernization construction.

In order to do a good job in our province's procuratorial work this year, efforts must be made to grasp three areas:

First, it is necessary to closely center on the central task of economic construction and to obey and serve the overall situation of grasping the opportunity, deepening the reform, expanding the opening up, promoting development, and maintaining stability; it is necessary to voluntarily place procuratorial work under the guidance of party committees at various levels and under the supervision of people's congresses at various levels; and it is necessary to firmly grasp the procuratorial work's political direction, to enable procuratorial work to always proceed and develop in the correct direction.

Second, during work, attention must be paid to grasping "two crackdown's, two constructions, and one strengthening." The "two crackdown's" means we will continue to launch an in-depth struggle against corruption and bribery, pinpoint key departments, firmly grasp big and serious cases, implement the leadership responsibility system at every level, improve standards of investigation, and ensure quality handling of cases. When there is a case which constitutes a crime, no matter who is involved, our investigation will go to the roots and we will never be weak-handed. The cases of framing charges against others must also be handled according to law and the innocent must be protected and not pursued irresponsibly. We will continue to severely and swiftly crack down on serious criminal activities according to law, persistently crack down on drug-related crimes, actively

take part in the special campaigns tackling acute problems of law and order, and do a good job in comprehensive management. By "two constructions" we mean, first, with the leadership group as the key point and with building of ideology and work style and building of clean government as the main content, we will grasp self-construction of the procuratorial contingent, strictly run procuratorates, improve the overall quality of the procuratorial contingent, diligently build a procuratorial contingent which is politically strong, professionally capable, and has strict discipline and a tough work style. With strengthening and improving the means of handling cases as well as working conditions as the key point, and under the support and care from governments of various levels and the relevant quarters, we will grasp building of foundations for the procuratorates at various levels, especially the grass-roots procuratorates. By "one strengthening" we mean that: We will earnestly strengthen investigation and research; leaders should take the lead in going deeply into the reality and launch work centered on the party's central task and the key points, difficulties, and weak links of procuratorial work; leaders should carry out investigation and research on the new conditions and new problems arising from the law enforcement activities, to explore new law and deliberate new countermeasures; and that leaders should strictly distinguish between what is a crime and what is not, continuously improving the standard of law enforcement. At the same time, on the basis of investigation and research, and responding to the need of establishing the socialist market economy system, we will actively explore and promote the reform of procuratorial work, proceeding from discharging the duty of legal supervision, strengthening supervisory means, perfecting the supervisory system, enhancing supervisory effects, and further straightening out the relations between the upper and lower levels, as well as internal organizations and setups, so that procuratorial work can better adapt to the new situation of deepening the reform and expediting the development.

3. It is necessary to uphold and strengthen the work principle of enforcing law strictly and handling cases diligently. Enforcing the law strictly is the central link in building the socialist legal system and a must for procuratorial organs when they discharge their duty of legal supervision. Handling cases diligently is the concrete embodiment of enforcing the law strictly. Therefore, we must use this principle to arrange overall procuratorial work. This year, we must make new headway and breakthroughs in three areas, namely, investigating and handling big and serious cases, especially serious cases; strengthening supervision over law enforcement and of solemnly investigating unlawful cases of not enforcing the law strictly; and handling cases such as smuggling, counterfeit trademarks, and tax evasion. To conclude, we must safeguard the overall implementation of the law, ensure quality handling of cases, and handle cases as iron cases.

In the new year, the procuratorial organs have very difficult and arduous duties but we are confident and

determined that, under the leadership of the CPC Central Committee, the provincial party committee, and the Supreme People's Procuratorate; under the supervision of the provincial people's congress; and with the support of the provincial government and the people of various nationalities, we can further emancipate the minds, invigorate the spirits, honestly discharge our duties, work hard, thoroughly safeguard social and political stability, and make new contributions to expediting the reform, opening up, and economic construction in our province.

North Region

Beijing To Adopt Measures for Foreign Firms

OW1005014494 Beijing XINHUA in English 0134
GMT 10 May 94

[Text] Hefei, May 10 (XINHUA)—China will strengthen the registration of foreign-funded enterprises to ensure their healthy development and adopt measures to help them solve problems quickly.

The number of foreign-funded enterprises has surpassed 170,000 in China and is still expanding.

"They have brought us advanced technology, equipment and funds we need badly, and are playing an increasing role in China's national economic development," an official of the State Administration for Industry and Commerce said.

"However," he pointed out, "some localities have paid attention only to the number and not to the quality of foreign-funded enterprises, some have violated the state law and regulations to offer extra preferential policies to go along with the other side, and some even have under evaluated the property of our state enterprises in order to set up joint ventures with foreign business people or sell the property to them."

He disclosed that a small number of foreign business people have not yet registered their capital according to contract since having their names registered.

To guide foreign-funded enterprises toward healthy development, the State Administration for Industry and Commerce will adopt the following key measures:

- Reinforce and improve the examination of investment registration;
- Approve the report of evaluation of the property submitted by a Chinese state enterprise which plans to cooperate with foreign businessmen in setting up a joint venture;
- Require foreign business people scheduled to set up joint ventures or cooperate with Chinese to list the actual values of their equipment and other materials in kind in the contract, with figures subject to approval by intermediary and notary organizations;

- Require central state enterprises that plan to sell stocks or use state property to set up joint ventures or cooperate with foreign firms to submit a report for state approval prior to putting plans into action;
- Require Sino-foreign joint ventures and cooperative enterprises to share weal and woe despite the proportion of investments;
- Strengthen the supervision and examination of investments made by foreign-funded enterprises.

An enterprise with registered capital of less than two million U.S. dollars must deliver the funds within six months from the day on which it gets a business license, and the time limit for a business with registered capital of less than five million U.S. dollars will be one year, and two years for those with registered funds of less than 10 million U.S. dollars. The period will be extended for larger projects.

- Upon discovery, revoke the license of and punish any Sino-foreign joint venture enterprise whose Chinese partner has replaced the foreign side in handling registered capital, according to the law and regulations.

Li Peng Visits Herdsman's Home in Inner Mongolia

OW0905021494 Beijing XINHUA Domestic Service
in Chinese 2114 GMT 4 May 94

["Feature" by XINHUA reporters Sun Benyao (1327 2609 1031) and Qian Yonghong (6929 0737 5725): "The Premier Braves the Rain To Visit Herdsmen"]

[Text] Hohhot, 5 May (XINHUA)—It was drizzling on the verdant Ordos prairie on the morning of 2 May. Premier Li Peng and his entourage, who were inspecting work in the Inner Mongolia Autonomous Region, arrived by car at the home of Alengdai, a Mongolian herdsman, in Bulag Village, Ejina Horo Sumu [the preceding word denotes a Mongolian administrative division], Ikh Ju League.

Before stepping into the courtyard, a smiling Premier Li Peng extended his cordial greetings to Mr. and Mrs. Alengdai, his hosts who had come out to welcome him warmly. Using a Mongolian phrase she had just learned, Comrade Zhu Lin [Li Peng's wife] said: "Saibainu (How do you do)?"

His tanned face betraying extraordinary excitement, a sturdy Alengdai, in a Mongolian gown, clasped Li Peng's hand with both of his hands and said repeatedly: "How do you do, Mr. Premier? How do you do, Mr. Premier."

Premier Li Peng sat cross-legged on a heatable brick bed in the house. Following Mongolian etiquette, he gladly took the bowl of hot tea with milk from his host, with whom he chit chatted as he drank from the bowl.

Alengdai profusely praised the dual contract responsibility system for grassland and animal husbandry that has been in place since the Third Plenary Session of the 11th CPC Central Committee. He said: "Before the introduction of reform, I lived in a small mud house and our per capita annual income was less than 100 yuan. Things have got better in recent years, thanks to state policies and our own hard work. My family now has more than 140 sheep and goats, as well as some horses and cattle. We have built more than 70 mu of grass enclosures, as well as plastic heating sheds. Our 3-mu irrigated field yields more than 3,000 kg each year. Last year, our family income topped 5,000 yuan, or 1,200 yuan per capita."

The premier asked solicitously: "How many children do you have? Are they in school? Is their schooling expensive?"

"Two of my children are in school. My daughter attends paramedical school in Hulun Buir League. I have to send them money every year," Alengdai said.

The premier said: "Good. Herdsmen are willing to invest in their children, who represent the new generation on the prairie."

The premier asked: "Do you grow grain for your own consumption or for sale?"

"Primarily for use as fodder."

The premier asked in detail: "How much wool can a head of sheep yield per shearing? How is the quality of wool?"

"Sheep yield two kg of wool per head, whereas each goat produces 4 liang of down. The quality of wool and down is not very good."

The premier then said in an emphatic tone: "Well, you cannot sell your wool for a good price if its quality is bad. We need to improve our breeds of sheep and goat, raise them scientifically, and change our conventional method of raising livestock in an environment that is susceptible to the elements." Upon hearing the premier's remarks, Alengdai and other herdsman nodded repeatedly.

When the premier handed him brick tea [a mass of tea leaves in the shape of a brick], a gift he had specifically taken along, Alengdai said excitedly: "Why, Mr. Premier has us herdsman on his mind!"

Not long before, Alengdai had built a brick house with a floor space of more than 100 square meters. Upon seeing the television, videocassette recorder, washing machine, and knockdown cabinets in the house, and upon learning from Alengdai that he had bought yet another diesel-powered pedicab a year earlier, the premier remarked joyously: "Herdsmen on the prairie are leading a different life than in the past. They will lead an even better life in the future."

The drizzle linked the premier's heart with those of the herdsmen. As he shook hands with Alengdai before leaving, the premier asked: "What is Mongolian for 'Good-bye'?" "Bayaritai," replied Alengdai emotionally as he reluctantly bid the premier farewell. The premier blurted out: "Bayaritai!"

On his way home, Premier Li Peng told Wang Qun, secretary of the autonomous regional party committee, and Wuliji, chairman of the autonomous region, who were traveling with him: "Although Inner Mongolia's wool output is not low, the wool quality is not good enough. We should adopt measures to improve quality and raise prices, cut down on intermediate links in the distribution system, and let peasants and herdsmen derive real benefits to encourage them to improve wool quality."

Northwest Region

Radio, Television Service Improves in Ningxia

OW0905134594 Beijing XINHUA Domestic Service in Chinese 2118 GMT 26 Mar 94

[By correspondent Gao Ningsheng (7559 1337 3932)]

[Text] Yinchuan, 27 Mar (XINHUA)—Ningxia's radio broadcasting and television service has developed rapidly in the nineties. In 1993, the radio broadcasting coverage rate rose to 76.3 percent from 68.9 percent in 1989 and became higher than the nation's average for the first time. In the same five-year period, the television coverage rate rose 18 percent from 61.8 percent to 79.8 percent.

In Ningxia and particularly in its southern mountainous region where information and transportation facilities are poor, people learn of new policies and information and acquire science and technology knowledge mainly through radio broadcasts and television. In the five years, the autonomous region and various cities and counties themselves invested a total of 80 million yuan in radio and television facilities, in addition to obtaining 4 million yuan in state assistance. Thus, the development of radio broadcasting and the television service was accelerated.

The region spent more than 20 million yuan on updating radio broadcasting equipment and on repairing circuits. Twelve county-level FM radio stations have been set up, and the FM broadcasts cover more than 60 cities, counties, and townships in the region. The region's radio broadcasting as a whole, with a total transmission power of 268 kw, covers 89.3 percent of townships and towns and 57.16 percent of villages. The Luoshan FM station, with a transmission power of 6 kw and which will cost more than 1 million yuan to build, will be completed this year. After it begins operating, the radio broadcasting coverage rate in the southern mountainous region will increase to 78 percent.

As of 1993, there were five television stations and more than 10 television relay stations in Ningxia. The Central Television Program One Network covers 74.26 percent of Ningxia, and the programs of Ningxia's own television stations cover 75.46 percent of the region. All counties in the southern mountainous region receive television programs from more than three stations.

More Highways Constructed in Ningxia Autonomous Region

OW1005013694 Beijing XINHUA in English 0120 GMT 10 May 94

[Text] Yingchuan, May 10 (XINHUA)—The Ningxia Hui Autonomous Region in China's northwest has built 228.7 km of highways a year over the past 15 years, linking the entire Muslim autonomous region with 12 trunk highways.

According to an official from the region's communications department, Ningxia is now cobwebbed with 8,300 kilometers of highways. The region's 292 towns and townships all have access to modern highway transportation.

Meanwhile, the number of highway bridges has more than doubled. Highways and bridges, particularly the three bridges across the Yellow River, China's second largest, have greatly eased Ningxia's transportation tension.

Better transportation has greatly enhanced Ningxia's market circulation. The region's rich coal, farm and sideline products have kept flowing towards the economically developed areas while construction and industrial materials from other provinces have helped modernize the region.

At present, seven large transportation projects are being built with the help of the state. The 1200-meter bridge in the region's capital of Yingchuan, the most up-to-date bridge across the Yellow River, is expected to be put into operation next month.

Other projects include the construction of a first class highway from Yingchuan to Guyaozi and the renovation of the second class highway from Yingchuan to Pingliang. The effort is expected to bring the total length of highways to 9,700 kilometers in six to seven years.

Shaanxi Secretary Addresses May Day Meeting

HK0905125694 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 30 Apr 94

[Excerpts] Nearly 50 people, including model workers and representatives of workers and staff members from various fronts in our province, as well as factory directors and managers, gathered at Xian's Liuhua Guest House yesterday to mark the 1 May International Labor Day. Provincial party Secretary Zhang Boxing was present at the gathering to celebrate the festival joyfully with the other participants.

The atmosphere of the gathering was cordial and warm. Provincial trade union federation President Gao Yingin, on behalf of the federation, first extended his holiday greetings to all present, then gave his regards to the broad masses of workers and staff members on various fronts and to their family members. He said: [words indistinct] In the face of difficulties and problems arising in reform, what we need is understanding, support, and active participation so as to enable state-owned enterprises and workers to row in the same boat. Only this is the desired attitude of the working class, and the best way to turn the corner. The party and government have done precisely this for many years, which has enabled us to deepen the reform step by step. [passage omitted]

After listening to the speeches by some participants, the provincial party secretary spoke. He fully affirmed the achievements made by the working class in various trades and services in our province. He also praised their great role in deepening the reforms. He said: Model workers are the advanced representatives of the working class. They have made outstanding contributions to our socialist cause, and have won the respect of the people. He hoped that model workers would continue to play their leading and key role, and their bridge role as well. [passage omitted including indistinct portion]

According to another report, yesterday evening the provincial trade union federation hosted a reception at Xian's Liuhua Guest House to celebrate 1 May International Labor Day. More than 50 people attended the reception, including worker representatives from various fronts and some foreign experts. Participating foreign experts thanked their hosts for their lavish hospitality, and pledged that they were willing to make their share of contributions to the development of Shaanxi's economy and trade, and to play their bridge role in this regard.

Shaanxi Governor Addresses Science Conference

*HK1005061694 Xian Shaanxi People's Radio
Network in Mandarin 0010 GMT 6 May 94*

[Text] A provincial science and technology work conference was convened in Xian yesterday.

Provincial Vice Governor Fan Xiaomei delivered a report entitled: Emancipate Minds, Deepen Reform, and More Expeditiously Integrate Science, Technology, and the Economy by Stabilizing One Aspect and Lifting Control on Other Aspects.

Provincial Governor Bai Qingcai also delivered an important speech at yesterday's conference.

The conference was held by the provincial people's government to study and formulate a general train of thought aimed at deepening scientific and technological structural reform and integrating science, technology, and the economy under the new circumstances as well as arranging for the province's present and future science and technology work.

Vice Governor Fan Xiaomei stated in her report that Shaanxi's present and future scientific and technological tasks were as follows:

1. To build and perfect a simple but highly efficient scientific research and development system which integrates science, technology, and economy;
2. To build and develop a technology market, an information market, and a qualified personnel market;
3. To organize and train a backbone contingent of young and competent academic and technological personnel capable of working into the next century, a strong contingent of entrepreneurs proficient in modern science and technology, and a strong contingent of managerial personnel engaged in scientific and technological work;
4. To strive to make major breakthroughs in developing nongovernmental scientific and technological undertakings, building a technology market, and building principal and backbone projects, to raise the scientific and technological achievements transformation rate and scientific and technological utilization rate up to and above 50 percent, thereby giving full scope to the role played by science and technology as the primary productive forces.

During the next few years, vice Governor Fan Xiaomei noted, the province's scientific and technological structural reform is expected to focus on lifting the controls on more aspects to enable more scientific research institutions to participate in economic operations and operate like enterprises, turning more scientific research institutions into nongovernmental institutions engaged in socialized operation.

In his speech Governor Bai Qingcai stated: Science and technology are the primary productive forces. We have yet to acquire an in-depth understanding of the importance of science and technology in practice and make greater efforts to turn scientific and technological achievements into productive forces. The province's scientific, technological, and economic structural reforms are aimed mainly at turning scientific and technological achievements, more expeditiously, from intellectual products into commodities and from potential productive forces into real productive forces by dint of the market.

Governor Bai Qingcai called on people's governments and scientific and technological workers at all levels across the province to: Be more conscious of transforming scientific and technological achievements into productive forces; employ the necessary economic, legislative, and administrative measures in this regard; successfully tackle a number of long-standing problems hindering the transformation, such as setting excessive store by scientific research while making little effort to transform scientific and technological achievements into productive forces, a poor sense of intellectual property rights, not paying attention to economic efficiency, and

so on; take steps to strengthen each and every intermediate link regarding scientific and technological achievements transformation; transform scientific and technological achievements through more channels and at more levels; and strive to really integrate science, technology, and the economy.

Governor Bai Qingcai pointed out: We should strive to transform Shaanxi's scientific and technological superiority into economic superiority at a swifter tempo. To this end, we should press ahead with large-scale, high-efficiency, and high-quality technological exploitation and transformation of each and every pillar industry that is capable of generating more revenue, utilizing more local resources, and boosting the development of other industries. We should strive to build more industrial and agricultural projects capable of increasing peasant income by a large margin and raise the efficiency and scale and upgrade each and every pillar industry across the province.

Regarding agriculture, Governor Bai Qingcai maintained that the province should strive to vigorously develop a high-quality, high-yield, and high-efficiency agriculture with an eye on building a socialist market economic structure and increasing peasant incomes; build a batch of exemplary agricultural zones with local characteristics and influence; build more industrial development zones and resources exploitation zones; tackle each and every major scientific and technological problem; build industrial groups which integrate trade, industry, and agriculture; and try to sell more farm products on foreign and domestic markets.

Speaking of industry, Governor Bai Qingcai asserted that the province should make redoubled efforts to push ahead with structural readjustment; reduce energy consumption; raise efficiency; promote scientific and technological progress; sell locally manufactured products on more markets; invite more foreign funds to help merge and transform more large and medium enterprises; and turn more traditional industries into high-efficiency, export-oriented, and technology-intensive industries.

Yesterday's conference was presided over by Guan Wuxue, provincial people's government deputy secretary general, and attended by a number of provincial leaders, including Ren Guoyi, Liang Qi, Zhang Heling, Lin Jizhou, and others.

Xinjiang Discipline Inspection Communique

OW0905133494 Urumqi XINJIANG RIBAO in
Chinese 4 Apr 94 pp 1, 3

["Communique Issued by the Seventh Plenary Session of the Autonomous Regional Discipline Inspection Commission"]

[Excerpts] The Seventh Plenary Session of the Xinjiang Uygur Autonomous Regional CPC Discipline Inspection Commission [XUARCPDIC] was held in Urumqi from 31 March to 3 April. Under the guidance of

Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, the plenary session implemented the guidelines of the Third Plenary Session of the 14th CPC Central Committee, the Third Plenary Session of the Central Discipline Inspection Commission, and the Sixth (Enlarged) Plenary Session of the Fourth Xinjiang Autonomous Regional Party Committee in an all-round way; reviewed and summed up Xinjiang's implementation of the central authorities' decision on successfully tackling a few tasks related to the anticorruption drive in the near future since the Fifth Plenary Session of the XUARCPDIC; and drew up a plan for the tasks to be handled by Xinjiang in the anticorruption drive in 1994 around the overall situation of the whole party's work—seize the opportunity, deepen reform, open up wider, promote development, and maintain stability—and in accordance with the demand set by the central authorities on more effectively launching the anticorruption drive in depth and over a protracted period of time.

Twenty six XUARCPDIC members attended the meeting. [passage omitted] The XUARCPDIC Standing Committee presided over the meeting. The plenary session approved the report [entitled] "More Effectively Launch the Anticorruption Drive in Depth and Over a Protracted Period of Time to Serve the Needs of Xinjiang's Reform, Development, and Stability" delivered by Comrade Zhou Shengtao, secretary of the XUARCPDIC, on behalf of the XUARCPDIC Standing Committee.

Comrade Abulaiti Abudurexiti, deputy secretary of the autonomous regional party committee and chairman of the regional government, delivered an important speech at the plenary session. Principal leaders of all major leading bodies attended the meeting. Comrade Zhang Fusen, deputy secretary of the autonomous regional party committee, attended the meeting and delivered a concluding speech.

The plenary session conscientiously studied and discussed Comrade Jiang Zemin's important speech and the guidelines adopted by the Third Plenary Session of the Central Discipline Inspection Commission. Those who attended the plenary session unanimously believed that Comrade Jiang Zemin's speech was very profound, that it was very apparent it was directed against those who are corrupt and has a strong significance of serving as our guideline, that the Third Plenary Session of the Central Discipline Inspection Commission was a very important meeting which mobilized all concerned to more effectively launch the anticorruption drive in depth and over a protracted period of time and drew up a plan for launching the drive.

The plenary session reviewed and summed up the implementation of the central authorities' decision on the anticorruption drive by the party committees and governments at all levels since the Fifth Plenary Session of

the XUARCPDIC. It pointed out: The party committees and governments at all levels have adopted a resolute attitude, taken prompt actions, and have done a large amount of work in implementing the party Central Committee's and the State Council's "Decision on Successfully Tackling a Few Tasks Related to the Anticorruption Drive in the Near Future" since August 1993. The vast numbers of cadres and the masses have wholeheartedly supported and taken active part in the work. Cadres of discipline inspection and supervisory organs at all levels have scrupulously done their duties and worked hard. After more than half a year's efforts, we have achieved preliminary successes in the anticorruption drive and scored achievements, to various extents, in fulfilling the three tasks proposed by the central authorities. Some other negative phenomena and corruption have been somewhat curbed. Generally speaking, the momentum of the anticorruption drive is good; its progress is healthy; it has basically met the requirements desired by the central authorities and the autonomous regional party committee and it has played a better role in maintaining Xinjiang's political stability, promoting its reform and opening up, and protecting its economic development. The plenary session maintained that the progress of the anticorruption work is still unbalanced, that some successes have not been consolidated, that we must be aware that negative phenomena and corruption are still serious while realistically affirming the successes achieved by the anticorruption drive in the earlier phase, that it is necessary for us to continue to work hard, and that by no means can we afford to slacken our efforts in the slightest degree.

The plenary session maintained that the anticorruption drive is a test for leading cadres of the party and government organs at all levels and a tempering process for the vast numbers of cadres of discipline inspection and supervisory organs. In the course of practice, they will deepen their understanding of the party Central Committee's important decision on the anticorruption drive and explore and amplify some effective measures for launching the anticorruption drive, such as focusing attention on conducting ideological education to seek unity of thinking and to enhance consciousness of and strengthen resolve in the anticorruption drive; strengthening leadership and practically seeing to the implementation of the three tasks; strictly having a good grasp of policies, and subordinating oneself to and serving the needs of economic construction; insisting on proceeding from facts and solving whatever problems that exist to let the masses of the people really benefit from the success achieved in the anticorruption drive; and dealing with corruption by looking into both its root cause and symptoms, establishing and perfecting rules, regulations, and a restrictive mechanism through supervision, and consolidating the successes achieved in the anticorruption drive. We must continue to persist in these effective measures and gradually amplify them.

The plenary session pointed out that 1994 is a crucial year for us to implement the resolutions of the Third

Plenary Session of the 14th CPC Central Committee and to realize the shift of our economic structure to a new orbit. It is also a crucial year in which we face heavy tasks and a rigorous test in our anticorruption drive. We must keep in mind the overall situation of the whole party's work when launching the anticorruption drive; continue to conscientiously implement the decisions and opinions of the central authorities and the autonomous regional party committee on the anticorruption drive; consolidate and amplify our successes in the anticorruption drive achieved in the earlier phase; and more effectively carry on the anticorruption drive in depth and over a protracted period of time. [passage omitted]

The plenary session called on discipline inspection and supervisory organs to step up supervision over law enforcement to guarantee the smooth transmission of government decrees by revolving their attention around the implementation of the important policies and measures adopted by the party Central Committee, the State Council, the autonomous regional party committee, and the autonomous regional people's government on deepening reform, developing the economy, and maintaining stability. [passage omitted]

The plenary session emphatically pointed out that the key to more effectively launch the anticorruption drive in depth and over a protracted period of time lies in improving the understanding of leading cadres at all levels to seek unity of thinking. Leaders at all levels must take the lead to practice honesty and exercise self-discipline in compliance with the demand set by the central authorities on further consolidating an developing the flesh-and-blood ties between the party and the masses of the people. The party committees and governments at all levels must adhere to the strategic principle of "grasping two links at the same time and taking a tough stand on both," place the anticorruption work top on their agenda, and practically strengthen leadership. Principal leading comrades of the party and government must personally handle the work and take steps to solve major problems. [passage omitted] Discipline inspection and supervisory organs are required to further adhere to the party's basic line; to closely revolve their efforts around the central task of economic construction; to subordinate themselves to and serve the guidelines on the overall situation of the whole party's work; to conduct discipline inspection and supervision amid the efforts to promote reform, development, and stability; and to create a favorable environment for Xinjiang to deepen reform, open up wider, promote development, and maintain stability through the fulfillment of all their discipline inspection and supervision duties so as to expedite the autonomous region's rapid and highly efficient economic development. [passage omitted] It is necessary to have discipline inspection and supervisory organs further strengthen the building of the rank and file of their own cadres. Cadres of discipline inspection and supervisory organs are required to conduct intensive study of Volume 3 of the "Selected Works of Deng Xiaoping," to arm their minds with the theory on

building socialism with Chinese characteristics, and to use them as a guidance for their work. They must go deep into the realities of life to conduct survey, study the knowledge about a socialist market economy, enhance their political integrity, and improve their professional competence. It is necessary to strengthen the building of the leading groups of discipline inspection and supervisory organs at all levels and to bring into play the functions of discipline inspection and supervision in a better way so as to promote the work to a new level.

The plenary session firmly believed the party committees and governments at levels will surely be able to achieve new phased successes in carrying out this year's anticorruption work so long as they resolutely implement the central authorities' decision on anticorruption, reach a common understanding, practically strengthen

leadership, fully rely on the masses, and pay close attention to the implementation of various tasks.

The plenary session called on the vast numbers of party members and cadres in the whole region to conscientiously study and implement the guidelines of Comrade Jiang Zemin's important speech and the Third Plenary Session of the Central Discipline Inspection Commission, to surmount all difficulties and obstacles and steadfastly launch the anticorruption drive in accordance with the plan and requirements of the autonomous regional party committee and in the spirit of doing concrete work with perseverance, and to make new contributions to maintaining political stability, guaranteeing [the progress] of reform and opening up, and promoting economic development under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line.

Taiwan's Stand on Boat Incident Criticized

OW0805093094 Beijing XINHUA Domestic Service
in Chinese 1024 GMT 6 May 94

[Article by XINHUA reporter Fan Liqing (5400 7787 7230): "The Overall State of Cross-Strait Relations Should Be Taken Into Consideration—Our Hope Concerning Strait Exchange Foundation Personnel Who Will Come to Hangzhou Because of the Qiandaohu Incident"]

[Text] Beijing, 6 May (XINHUA)—After the "Qiandaohu incident" occurred, the Taiwan authorities repeatedly disseminated "questionable points" concerning the incident, condemned the mainland for "covering up facts," and even showered abuse such as "bandits" on the mainland instead of dealing with the matter calmly and judging the case as it stands. Departments concerned even decided to "suspend cross-strait cultural and educational exchanges and activities," "comprehensively boycott mainland tours," and other things. What was more, after the mainland's public security department announced that the case had been solved, Taiwan's "Mainland Affairs Council" and "National Security Bureau" went so far as to spread rumors, thus deliberately deepening Taiwan citizens' misunderstandings against and estrangement from the mainland. The action of some people in Taiwan is unfavorable to the development of cross-strait relations.

The Qiandaohu incident is an unfortunate and rare occurrence. After it was reported, leaders of the CPC Central Committee and the State Council have paid great attention to it. The Taiwan Affairs Office under the State Council; departments of public security, transportation, and tourism; the Zhejiang Provincial Government; and the Association for Relations across the Taiwan Strait [ARATS] have coordinated with each other with all their might to deal with the aftermath of the incident. Over the course of 17 days of hard work, the public security department finally solved the case. It should be said that without the great attention from all sectors and their all-out efforts, it would not be an easy job to solve such a notably major case within such a short time. We cannot but note that some of the Taiwan authorities had ulterior motives when they turned a blind eye to such efforts and went about stirring up Taiwan compatriots' resentment against the mainland.

After over 40 years of separation, the personnel contacts and trade and economic exchanges between the two sides of the strait are not only conducive to the development of cross-strait relations but also benefit compatriots on both sides during their exchanges. In the past few years, the exchanges and contacts between people on both sides have been growing frequent. The number of Taiwan compatriots coming to the mainland for tours, sightseeing, investment, and various kinds of exchanges and activities increases by the day. Taiwan compatriots have altogether made over 5 million visits to the mainland. The mainland has attached importance to cross-strait

relations, cross-strait exchanges and contacts, and the guarantee of the rights and interests of the broad masses of Taiwan compatriots; the safety of the lives and property of Taiwan compatriots touring the mainland is protected by the law.

Of course, there have been some incidents causing serious losses of lives and property of people on both sides of the strait in recent years. We maintain that the fundamental experience, as well as the fundamental attitude, in properly handling such types of individual incidents should take into consideration the overall state of developing cross-strait relations and maintaining the legitimate rights and interests of people on both sides; approach these incidents objectively, calmly, and practically; and never seize on the incident to exaggerate matters and deliberately harm cross-strait relations as well as the feelings of people on both sides. The mainland has been doing exactly this. In 1990, two incidents caused the deaths of 46 mainland compatriots during the repatriation of mainland fishermen by the relevant departments of Taiwan, and in recent years, Taiwan's military police repeatedly fired at and shelled mainland fishing boats in the Taiwan Strait, causing several casualties. Can it be said that the families of the dead mainland compatriots felt no grief and indignation? However, when the mainland handled these incidents, it assumed the attitude of taking cross-strait relations into account so that cross-strait relations did not regress, and the feelings of people on both sides thus were not hurt because of the aforementioned incidents. This has constituted a sharp contrast to the Taiwan authorities' attitude in handling the Qiandaohu incident.

As far as the Qiandaohu incident is concerned, it should be normal that families of Taiwan compatriots and relevant departments in Taiwan might have different opinions and views on the handling of the victimized Taiwan compatriots at the beginning of the case. In an attitude of giving priority to the fundamental interests of people of both sides and through patient communication and coordination, however, it is not difficult to solve the problem rationally. As for the case, the principle of "judging the criminal case as it stands" must be upheld. The case could be solved promptly or slowly, and it is certain that the public security department will investigate the case thoroughly and catch the real culprits. This is not only an issue concerning the protection of Taiwan compatriots' rights and interests but also is a measure that the mainland must take to ensure social order. The correct action for the Taiwan authorities should be consoling the victims' relatives, so how could they intentionally take advantage of their grief and sorrow to stir up people's resentment? Moreover, such types of incident are not the fault of cross-strait exchanges, and people on the two sides will not, and are unlikely to, stop their contacts and tours because of an accidental criminal case. The Taiwan authorities, however, wanted to suspend this and hold that on the pretext of this incident, in an effort to harm cross-strait relations.

It can be seen that because of different social systems on the two sides, plus 30 to 40 years of separation, there are some differences in their concepts and measures for approaching problems. But this does not matter. As long as the two sides hold frequent contacts, including contacts of high-ranking personnel such as holding the second Wang Daohan-Gu Zhenfu [Ku Chen-fu] talks, based on the common belief of promoting the development of cross-strait relations, such misunderstandings can be eliminated completely, and their common ground can be enhanced. Now, the ARATS has once again invited personnel of the Strait Exchange Foundation [SEF] and its experts to Hangzhou to hear the briefing by investigators of the case on the case's details. The ARATS has also agreed, in principle, to exchange opinions with the SEF on incidents involving the safety and the losses of lives and property of compatriots on the two sides in the course of cross-strait exchanges in recent years, and it has put forward specific suggestions. This is an important move to intensify communication, eliminate the negative effect caused by the Qiandao Lake incident, and develop cross-strait relations. We hope that both of them will make earnest efforts to develop cross-strait relations, and we sincerely hope that the SEF personnel will depart for the mainland as soon as possible and, taking the overall state of cross-strait relations into consideration, will further eliminate the misunderstanding and estrangement through understanding and make contributions to maintaining and developing cross-strait relations.

Government To Prosecute Suspects in Qiandao Lake Incident

OW0905155994 Beijing XINHUA in English 1422 GMT 9 May 94

[Text] Hangzhou, May 9 (XINHUA)—The public security organs of east China's Zhejiang Province have finished preliminary investigation and transferred the three suspects in the Qiandao Lake incident to the procuratorate.

The three suspects are accused of involvement in the March 31 robbery and murder of 32 Taiwan and mainland tourists and the subsequent torching of their tour boat on Qiandao Lake in Zhejiang Province.

Inspectors invited by the Association for Relations Across the Taiwan Strait (ARATS) of the mainland this morning gave an introduction of the case to representatives of Taiwan's Straits Exchange Foundation (SEF).

These experts prepared slides and video records about the case for SEF and the relatives of the Taiwan victims, which showed that the suspects were detained on April 18, arrested on April 19 and sent to the procuratorate on April 24.

He Ting, a criminal investigation expert from the Ministry of Public Security, said that the procuratorate will institute proceedings against the three suspects according to law.

ARATS Official Discusses Qiandao Lake Incident *OW0905153294 Beijing XINHUA in English 1451 GMT 9 May 94*

[Text] Hangzhou, May 9 (XINHUA)—Li Yafei, deputy secretary general of the mainland's Association for Relations Across the Taiwan Straits (ARATS), said that his association will try its best to inform in detail its Taiwan counterparts on the Qiandao Lake incident.

The incident, which occurred on Qiandao Lake in Chun'an County on March 31, involved the burning of a pleasure boat and the robbery and murder of 32 tourists from Taiwan and the mainland.

This morning, Li Yafei presided over a meeting at which the mainland law experts informed a group sent by the Taiwan-based Straits Exchange Foundation (SEF) and the relatives of the victims of the incident who are from Taiwan.

Li said that he hopes that the two sides will take a truth-seeking and truly objective and pragmatic attitude in the talks.

He noted that the mainland side should objectively inform the SEF group of the incident while the SEF group listens to the report in a manner, which will be helpful to maintaining the interests and rights of the people on the two sides.

He said that the mainland side promptly discovered the case and dealt with it in a serious and responsible manner, which showed great efforts in maintaining the interests of the people across the Taiwan straits.

Only by promptly publishing the murders according to law could condolences be expressed to relatives of the deceased from Taiwan and the mainland.

He said that after the case was discovered, ARATS promptly informed SEF about it.

On April 24, ARATS sent a message to SEF to invite SEF officials and experts to come to Hangzhou to gain further knowledge about the case.

He said that to meet the demands of the SEF visitors, ARATS has arranged for them to go to Chun'an County to inspect the murder, robbery and arson site on Qiandao Lake.

SEF Official on Qiandao Lake Incident Meeting

OW0905155594 Beijing XINHUA in English 1538 GMT 9 May 94

[Text] Hangzhou, May 9 (XINHUA)—Shi Hwei-yow, deputy secretary-general of the Taiwan-based Straits Exchange Foundation (SEF), said here today that his group has preliminarily increased knowledge about the Qiandao Lake incident after the mainland experts' answers to the questions of the SEF group.

Shi said that at present, his group is only raising questions and listening to the answers for further understanding of the incident.

This morning, Li Yafei, deputy secretary-general of the mainland Association for the Relations Across the Taiwan Straits (ARATS), invited the SEF group including experts and relatives of the victims of the Qiandao Lake incident to attend a meeting for introducing the incident and the process of discovering the murder case.

At the meeting, the SEF group watched a slide and video show about the incident.

In the afternoon, the mainland experts answered the SEF group's questions and provided them with maps and sketches of the tour boat titled "Hairui", where the murder case occurred.

Shi said that the mainland experts answered all the questions raised by his group, which includes some experts.

The questions mainly involved the murderers' background, devices used in the robbery, murder and arson, the unfolding of the crimes, and the process of discovery in the case.

Shi said that the questions raised by the SEF group and experts are the questions for "understanding", not for "doubts".

He said that his group still hopes to speak directly to the witnesses and suspects in the murder case.

But the mainland law experts said that according to the law and related regulations on the mainland, only personnel of the judicial department and assigned staff can meet the murder suspects.

The mainland experts invited by ARATS included Ma Guangwu, director of the Zhejiang Provincial Taiwan Affairs Office, Cai Yangmeng, deputy director of the Zhejiang Provincial Public Security Bureau, and some other officials, senior engineers and senior legal medical experts from the Ministry of Public Security and Judicial Departments of Zhejiang Province and Hangzhou city.

According to arrangements, the SEF group will travel to Chun'an County tomorrow to inspect the site of the incident.

Experts Say Qiandao Victims Died of Smoke, Scorching

OW0905172894 Beijing XINHUA in English 1659
GMT 9 May 94

[Text] Hangzhou, May 9 (XINHUA)—The 32 victims including 24 Taiwanese tourists who died in a boat fire in east China's Zhejiang Province in late March died from smoke inhalation and burns, legal experts say.

Invited by the Association for Relations Across the Taiwan Strait (ARATS), the experts who investigated the boat fire that took place on March 31 on Qiandao Lake announced the conclusions to officials of the Taiwan-based Straits Exchanges Foundation (SEF) and some relatives of the Taiwan victims today.

They ruled out other possible causes of death. No bullet holes were found on the outer side of the boat or bullet wounds on the bodies of victims.

The bullet mark found on the steel sheet near the hatchway to the lower cabin was identified as caused by the lead bullet of a hunting rifle, they say.

As no one survived the fire on the "Hairui" boat, and the scene of the crime was seriously damaged by fire and fire-extinguishing, more than 30 experts from the fire, legal medical, forensics, analysis and ship examination departments were summoned to the spot for comprehensive investigations.

Investigations and tests were conducted continuously for several days and nights. Three other teams of experts from the Ministries of Public Security and Transportation also arrived on the scene to conduct further analysis.

Experts who have conducted the investigations said that all the victims were found dead in the lower cabin of the boat. Some of the victims had hid their watches, gold ornaments and money under their shoes, bras and panties.

Partial autopsies proved that they died of smoke inhalation and burns.

The experts say that after the victims had been induced to enter the lower cabin, the culprits threw explosives into the cabin and fired into the cabin with hunting rifles.

Near the cabin was a large drum of diesel oil which caused the fire after the explosion. Later the culprits poured gasoline they carried with them into the cabin and set the whole boat ablaze.

Investigations and tests of the remains of the cabin revealed particular matter left over from explosives and residue from gasoline, they say.

Meanwhile, experts from the Ministry of Public Security said that investigations have proved that the three suspects arrested, Wu Lihong, Yu Aijun and Hu Zhihan, had committed the crime.

He Ting, an expert from the Criminal Investigation Department under the Ministry of Public Security said that no army man or people other than the three suspects were found to have participated in the criminal activities.

However, he said that Wu Liming, elder brother of Wu Lihong and an armed policeman serving in Hangzhou,

capital of Zhejiang Province, has been arrested because he had helped his brother hide some of the snatched goods.

He said that investigations revealed that the three culprits had made premeditated plans before committing the crime.

Wu Lihong confessed that he borrowed 10,000 yuan from one of his friends in early March last year, and later borrowed 50,000 yuan in loans from local banks and bought a motor boat last December. The loans were due to be repaid this coming June and he was under pressure to raise money to pay the loans.

Yu Aijun said he felt jealous toward his many neighbors who were buying or building houses. Hu Zhihan confessed that he had left his factory in Hangzhou because he felt the pay was too low.

The three culprits had close relations. Wu Lihong came up with the idea of robbing a pleasure boat last September and disclosed his plan to the other two, who agreed to cooperate with him. Later, the three made detailed plans and preparations for the robbery.

They bought three daggers, two pairs of nylon stockings to cover their heads with and had a blacksmith make a large axe. They also bought dynamite and detonators

under the pretense of using it to get stones for house construction. They also borrowed two hunting rifles.

At about four o'clock in the afternoon on March 31, Wu and Yu carried their tools for the crime and set out on the motorboat. They picked up Hu along the way.

When the "Hairui" passed by, it was raining and they followed the boat a while until they saw there was no other boat around. Two of the culprits covered their heads with the stockings and boarded the "Hairui". Later the third one also came on board.

According to police, the perpetrators first took control of the cockpit and then rushed into the middle cabin where most of the passengers were staying. Brandishing the hunting rifles and the axe, they forced the passengers to enter the lower cabin. The culprits said that if the passengers obeyed, only their money would be taken and their lives would be spared.

The culprits confessed that they took the boat to Huangniling, a backwater area where they had planned to go, and threw the only iron ladder on which one could climb out of the lower cabin into the lake. They closed the hatchway to the lower cabin and secured it with iron wires, and one culprit kept guard over it.

They confessed that they first wanted to sink the boat, but were unsuccessful.

Report Views SEF Delegation's Visit to Hangzhou, Qiandao

OW1005084094 Taipei CNA in English 0809 GMT
10 May 94

[By Stanley Cheung and Lilian Wu]

[Text] Hangzhou, May 10 (CNA)—A Straits Exchange Foundation (SEF) delegation, and officials from its mainland counterpart Association For Relations Across the Taiwan Strait (ARATS) traveled from Hangzhou, Zhejiang Province to Qiandao Lake Tuesday [10 May] morning.

The SEF delegation will stay near Qiandao Lake for two days [words indistinct] to Hangzhou Thursday. During their stay, they will inspect the boat on which 24 Taiwan tourists and eight mainlanders were robbed and murdered while on a lake cruise.

SEF Deputy Secretary-General Hsu Hui-yu, in summing up the talks on the first day Monday, said only that he had to see relevant exhibits before he could continue to discuss the matter with ARATS authorities. He said that at the present stage, SEF could only say it was trying to learn more about the incident.

SEF and ARATS are non-official conduits set up to conduct cross-strait relations in the absence of official ties.

During the first day of talks on the crime, the mainland maintained that only three suspects took part in the robbery and murder and no members of the mainland military were involved. The three attempted to blow up the ship after the killings, but failed, the mainland said.

Ji Shaoyan, a Hangzhou coroner, insisted that no bullet or other wounds were found on any one of the victims. He said that all the victims suffocated from carbon monoxide poisoning when explosives were thrown into a tiny 17-square-meter space on the lower deck of the boat into which all the victims were herded at guns' point earlier.

He said that some of the bodies were so badly burned that the heads fell off the bodies when the victims were removed from the ship.

The SEF delegation, comprised of SEF officials, criminologists, and representatives of the victims, posed more than 200 questions surrounding the incident during the first day.

ARATS used a briefing, videotape, slides and question and answer sessions to explain the incident.

Representatives of the victims were dismayed after hearing the briefing and the videotape on the aftermath of Qiandao Lake incident.

SEF Deputy Secretary-General Hsu also said that SEF was disappointed after not being allowed to meet with witnesses and suspects in the case.

Vice Economic Minister Departs for U.S. for Tariff Talks

OW1005085194 Taipei CNA in English 0732 GMT
10 May 94

[By Y.C. Tsai]

[Text] Taipei, May 10 (CNA)—The second round of tariff reduction consultations between Taiwan and the United States will help facilitate Taiwan's entry into the General Agreement on Tariffs and Trade (GATT), Vice Economic Affairs Minister Sheu Ke-sheng said Tuesday [10 May].

"We hope the United States can better understand Taiwan's efforts in pushing for free and fair trade," he noted.

Sheu made the remarks prior to his departure for Washington, D.C., where Sheu and his 30-member delegation will meet with their American counterparts on both tariff and non-tariff issues Thursday and Friday.

Major topics during the two-day talks include farm trade, opening of service markets, the special exchange agreement, the government procurement [words indistinct], trade-related intellectual property protection, Tokyo round codes, and non-tariff trade barriers, he said.

The United States first asked Taiwan to cut tariffs on 8,048 products last November, including tariffs on industrial goods to below 10 percent and farm goods to less than 20 percent. It also demanded that Taiwan immediately slash tariff rates on 699 items by up to 50 percent.

The two sides failed to reach agreement during the first round of tariff talks held in Taipei in February.

After the talks, Sheu and his delegation will proceed to Geneva May 14 to attend the fifth meeting of the GATT working party on Taiwan's membership scheduled for May 17-19.

During the working party meeting, Sheu will hold bilateral tariff consultations with Canada, Switzerland, and South Korea.

So far, Taiwan has held tariff reduction negotiations with the United States, Australia, New Zealand, Chile, Turkey, South Africa, Hungary, the Philippines, Thailand, Malaysia, and Japan among 21 countries, which have asked for such talks with Taiwan.

Bilateral tariff talks with GATT contracting parties are considered vital to Taiwan's smooth entry into the Geneva-based world trade regulating body.

Taiwan was accepted as a GATT observer in September 1992 and is expected to become a full member by the end of this year.

Government Seeks To Use Quotas To Open Auto Market

OW1005091694 Taipei CNA in English 0717 GMT
10 May 94

[By Y. C. Tsai]

[Text] Taipei, May 10 (CNA)—Taiwan hopes to open its car market to eight countries on a quota system before the end of this year, Director-General Yin Chi-ming of the Industrial Development Bureau said Tuesday [10 May].

Yin said Taiwan will seek to sign a voluntary restraint agreement (VRA) with Japan, South Korea, New Zealand, Australia, South Africa, Malaysia, Brazil, and Mexico on car imports.

Currently, Taiwan imports small cars without any limitations from the United States and Europe (excluding East European countries).

The eight countries will be given the same import quota each year, which will increase annually until 2000 when Taiwan's car market is expected to be completely open, Yin pointed out.

By doing so, he said, Taiwan will not lower its import duty on small cars, which now stands at 30 percent.

Taiwan's small car tariff is low compared to 200 percent in Mainland China and 140-300 percent in Malaysia, both of which rival Taiwan in car production, he elaborated.

Taiwan decided to open its car market wider in order to facilitate its entry into the Geneva-based General Agreement on Tariffs and Trade (GATT). Taiwan was accepted as a GATT observer in September 1992 and is expected to become a full member by the end of this year.

Yin stressed that Taiwan must enter into the VRA with the eight countries before the GATT Uruguay Round codes become effective on Jan. 1, 1995. The quota restriction measure, which does not violate the GATT spirit, is not allowed under the Uruguay Round codes, he said.

Foreign Investment Increases in Jan-Apr Period

OW1005091494 Taipei CNA in English 0745 GMT
10 May 94

[By Danielle Yang]

[Text] Taipei, May 10 (CNA)—Foreign and overseas investment in Taiwan grew 29 percent to hit US\$329 million during the first four months of 1994, according to statistics released by the Economics Ministry's Investment Commission Tuesday [10 May].

Japanese investment topped the list with US\$88.48 million, an increase of 103 percent from the same period of 1993. US investment ranked second with US\$73.54 million, a growth of 99 percent, the statistics showed.

Investment made by overseas Chinese in the United States, Hong Kong, Japan, and the Philippines dropped. Only Overseas Chinese in Singapore increased their investments.

The electronics and electric appliance industry absorbed the most investment with US\$112 million, accounting for 34 percent of total investment value.

But the service industry registered the highest growth with 126 percent, followed by the chemical industry's 100 percent and the electronics and electric appliance industry's 15 percent.

Outbound investment made by Taiwan businessmen during the January-April period also grew 65 percent to hit US\$714 million, the statistics showed.

[Words indistinct] investment in Malaysia grew 23-fold over the first four months of last year, while Vietnam saw a 60 percent growth in Taiwan investments. Investments made in the Philippines and Indonesia were down 70 percent and 50 percent respectively, the statistics showed.

During the four-month period, the Investment Commission approved a total of 419 indirect investments to Mainland China with a total value of US\$313 million.

Hong Kong

Lu Ping, Patten Interviewed Separately on Hong Kong

HK0905134994 Hong Kong Television Broadcasts Limited in Cantonese 1335 GMT 8 May 94

["Separate exclusive interviews" with Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council of the PRC, by unidentified Television Broadcasts Limited reporter and with Hong Kong Governor Chris Patten by Television Broadcasts Limited reporter Jenny Lam; places and dates not given; from the "Lu Ping and Chris Patten" special program—Lu Ping and unidentified reporter speak in Mandarin; Chris Patten and Lam speak in English]

[Text] [Begin recording] [Lu] We feel that the British Hong Kong Government has closed the door on contact with the Preliminary Work Committee [PWC] too tight. We feel there is no need to do so. Therefore, under such circumstances, I, as vice chairman of the PWC, and the Governor of Hong Kong, who should be considered the head of Hong Kong's civil service, since he does not allow contacts between civil servants and the PWC, what is the basis for me, a member of the PWC, to have contacts with him? [sentence as heard]

[Patten] I must say that like the overwhelming majority of people in Hong Kong, like a number of members of the PWC, I think it is a great pity that we are, as it were, communicating through television, rather than sitting down at the table talking to one another. [end recording]

[Anchorman Yuan Chi-wei] Good evening. Lu Ping, director of the Hong Kong and Macao Affairs Office of the Chinese State Council, has been visiting Hong Kong in the capacity of secretary general and vice chairman of the PWC. Though Hong Kong Governor Chris Patten said time and again that he is willing to meet Lu Ping at any time, Lu Ping has consistently refused to meet him. However, Director Lu Ping and Hong Kong Governor Chris Patten granted separate exclusive interviews to the Information Department of Hong Kong Television Broadcasts Limited and expressed their opinions on some issues in dispute between China and Britain. Lu Ping reiterated that one of the main reasons why he refused to meet Chris Patten is that the British side barred civil servants from meeting the PWC. But Patten responded by saying:

[Begin recording] [Patten] I repeat we are not against giving information to the PWC. But the PWC is China's creation, China's appointment. The Joint Liaison Group is the result of an agreement enshrined in a treaty between Britain and China, which is supposed to be working in the interests of Hong Kong. Why seek to replicate that if that is the purpose? What we want to do is to ensure that China and Britain work in that cooperative spirit which the Joint Declaration commits us to.

[Lu] We have an old saying in China, which goes: "Listen to his words and watch his deeds." You should take some action to prove that you are truly willing to cooperate with the Chinese side in solving these problems. Only when this happens can we have a basis for talks. That is why we now suggest establishing some contacts through various other channels.

[Patten] Here we are in a position in which we have got agreed channels between Hong Kong and China and Britain, agreed channels which, alas, have not been working terribly well. People in Hong Kong, I think, scratch their heads about why it is that after all these months, years we have not got an airport agreement, why we are not making more progress on things like the localization and adaptation of laws, why we have not got an agreement on the container terminal, and so on. And I think it is imperative that we get the existing channels to work. I am not against giving information to the PWC. We give information to all sorts of groups.

[Lu] Initially, our economic subgroup made an appointment with the president of the Kowloon-Canton Railway [KCR] to tell us something about the company's development strategy. The main reason we wanted to know its development strategy is to find out how it can dovetail with the mainland railway development strategy.

As far as we know, the existing railway planning in Hong Kong does not reflect consideration on how to connect with the mainland railway system. They have a plan for stretching into the territory of Shenzhen via Huanggang; but this will not work, because according to Shenzhen's plan, Huanggang will become an urban center of Shenzhen, which cannot possibly have a railway cutting across it. In such a situation, the two sides should coordinate and cooperate with each other. This is the very reason we invited the KCR president to explain this matter.

First, he agreed to come and the time and place were also fixed. But just now we were told he was not coming. The KCR president is not a civil servant; he cannot be counted as a civil servant. If someone in the capacity of the Kowloon-Canton Railway Corporation president is unwilling to have contacts with us, how can you convince us that the British side is willing to cooperate with the Chinese side in other fields?

[Patten] If Director Lu Ping had wanted to talk about infrastructure, I would have been delighted to do so. We will shortly want to talk to the Chinese authorities about the outcome of our railway development strategy, which is absolutely vital to the communication links of Hong Kong in the future. I am bound to say that the first I heard about a meeting with the head of the KCR was when I heard what Director Lu Ping had said, but I do not know any more details about the alleged KCR meeting.

[Lu] As I said, the Hong Kong Government's attitude toward the PWC is not exactly one of friendliness. We once invited officials of the Hong Kong Government to

the PWC to explain to us the draft regulations of the Airport Authority that they had put forward. The main purpose of our invitation was that the PWC wished to help bring the airport talks to an early start and to an early agreement by discussing the draft regulations of the Airport Authority. But after we read the regulations, we were not quite clear about some of them, about why they were written in certain ways, so we wished that the Hong Kong side could explain to us. The main purpose was to promote the airport talks. Very unfortunately, however, the Hong Kong side barred its civil servants from having contacts with us at the PWC.

[Patten] Because at the moment, we put enough burdens on the civil service, trying to get, for example, the existing channels to work better. Civil servants also have to report to Legco [Legislative Council], which is the body that represents the people of Hong Kong.

[Lu] As you know, to reach an agreement on any issue, the mutual understanding and accommodation that you mentioned is necessary. Mutual understanding and accommodation means both of us give in a bit, after which our two sides can reach an agreement. It will not work if only one side, one-way traffic [preceding three words in English] is relied on. We have made concessions on many issues. For example, on the financing arrangements for the airport, we have made big concessions. [end recording]

[Yuan] Lu Ping kept saying that because the present atmosphere is not good, it is not the right time to meet Chris Patten. But Patten said that if the atmosphere is not good, the best thing to do is to sit down and talk, so as to improve the atmosphere. But Lu Ping said one should be more realistic.

[Begin recording] [Lu] If we talk, we should talk in a cooperative atmosphere in accordance with the Memorandum of Understanding on the New Airport. The purpose of my meeting with the Governor of Hong Kong would mainly be to talk about how to achieve a smooth transition. This requires a cooperative atmosphere and a basis on which our talks can yield some results. If our talks cannot bring any results, I do not think we should waste our time. If the two of us talk for a long time and then meet you when we come out, you will ask us if we got anywhere after the long talk, and we will say we got nowhere. This will be a big disappointment for the people of Hong Kong.

[Patten] He talked to you in the week about the atmosphere not being conducive to a meeting. If you do not have a good atmosphere, the best thing to do is to have a meeting to try to make the atmosphere better. I am absolutely sure that the overwhelming majority of people in Hong Kong who want us to meet and want us to talk these things through in a sensible and reasonable way will in due course have their ambitions met, because if we are serious about cooperation and the interests of Hong Kong, then we have got at some stage to sit round the table and then work things out together.

[Lu] I think we should be more realistic and the two sides should create a better atmosphere. As far as we are concerned, the invitations we extended to the Hong Kong Government still stand. The PWC's door is always open. The question now is whether or not the Hong Kong Government is willing to open this door.

[Patten] It is a body appointed by Chinese officials to advise Chinese officials. Unlike the Joint Liaison Group, it is not a result of an agreement between two sovereign powers, similarly the Land Commission, similarly the Airport Committee. And unlike the Legislative Council, it is not a body which represents public opinion right across the board in Hong Kong. [end recording]

[Yuan] Coming up next is the second part of this program on how Lu Ping and Chris Patten look at the Xi Yang incident and whether or not the two of them will have a chance to meet each other in the future. Stay with us. [at this point program goes to commercial break]

During our interviews with them, both Lu Ping and Chris Patten were asked about the Xi Yang incident. Our reporter asked Lu Ping a question about the Xi Yang incident causing the people of Hong Kong to worry about the freedom of the press.

[Begin recording] [Lu] This is not the case. It has nothing to do with Hong Kong's freedom of the press whatsoever, because Xi Yang committed the crime within the territory of China. Since his crime was committed within China's territory, it of course was handled according to China's law. China's law is of course not entirely the same as Hong Kong's law. Perhaps, if he had committed the crime in Hong Kong, it could have been handled differently. But he committed the crime in China's territory. No matter who you are, you must observe China's law when you are on the land of China. It does not apply to Hong Kong people only. If a U.S. citizen commits a crime in China's territory, it will also be handled according to China's law. This is perfectly justified. So it has nothing to do with Hong Kong's freedom of the press at all. It would have been the same problem if it had been a U.S. reporter or a British reporter.

[Patten] We are not seeking to interfere with somebody else's judicial system, not a bit of it. But there was genuine surprise in Hong Kong at a sentence handed out to somebody who worked for a Hong Kong newspaper for a story which apparently appeared on the front page of another Peking-supported newspaper in Hong Kong on the same day. And there was great surprise at the severity of the sentence for disclosing economic information, exactly the sort of thing which helps the Hong Kong stock market to spin round day after day. But what we have concentrated on is not any of that. What we concentrated on is a simple issue: It is very important that journalists in Hong Kong know precisely the rules and regulations which they have to keep to if they are going to operate reasonably in China; and what we do not want is the impression to be created that in order,

perhaps, to get Hong Kong journalists to write things that they perhaps do not really feel or to censor themselves, exemplary sentences are going to be handed out, for reasons which people cannot understand.

[Unidentified reporter] Today, many people in Hong Kong are requesting a special amnesty from the Chinese Government for Xi Yang. Is such an amnesty possible?

[Lu] This is not within my authority. As far as I know, there is no provision on special amnesty in China's Constitution. No, there is none.

[Patten] I am surprised that senior Chinese officials do not understand why this case has caused so much concern in Hong Kong. Not just a minority that have been worried about it, nor just a minority who have been worried about other things that have happened in China. It goes across the community.

[Lam] Governor, what is your government willing to do to safeguard press freedom; for example, the freedom to information. And the demand from legislators like Christine Loh, do you go for that?

[Patten] Well, what we are doing at the moment is looking at the suggestions in Christine Loh's bill. We will be responding to that very soon and we are also committed to reviewing our existing legislation to remove from it provisions which may be used by others to abuse press freedom.

[Reporter] Some Hong Kong reporters cannot go to Qiandao Hu to cover the incident. Is there any explanation?

[Lu] As to this issue, I personally feel that it does not seem necessary for Hong Kong reporters to boycott news gathering in China. I do not see it as necessary. What is the point? They are two different things. Why do you have to boycott news gathering in China?

[Reporter] China rejected their request to cover news in China. Was it a retaliatory gesture?

[Lu] It is not an issue of retaliation. It is common sense that since you have boycotted gathering news in China, why do you still want to come? It is okay if you send other reporters in. You boycotted, so let someone else take your place. We still welcome them to cover news.

[Reporter] In that case....

[Lu] You do not have to come yourself, do you?

[Reporter] Does it mean that those who once said they would boycott news gathering in China will be permanently barred from entering the mainland to cover news?

[Lu] No, no. Doesn't your boycott also have a timetable? To the end of May, I heard? I do not know. I am not quite sure. Is it true that the boycott will continue to the end of May? Isn't there a deadline, reporters? [end recording]

[Yuan] The biggest issue in dispute between China and Britain now is Hong Kong Governor Chris Patten's constitutional reform proposals. Our reporter asked Lu Ping if the Legislative Council amends the proposals so that they are in line with the Basic Law, will they be acceptable?

[Begin recording] [Lu] This is absolutely impossible, because there is already an understanding between the two sides on how the first government should be formed, that is, the Chinese side and the British side should reach an agreement through diplomatic channels. No agreement can be reached between China and Britain unless it is through diplomatic channels. This is not for the Legislative Council to decide. It is not for the Legislative Council to lead the Chinese side and the British side by the nose. To say the least, the Chinese side will not accept being led by the nose by the Hong Kong Legislative Council. Therefore, the Chinese side will not acknowledge any decision adopted by the Legislative Council. This is certain.

[Reporter] These days, we in Hong Kong are getting a clear message that the three-tier councils must be disbanded and reorganized in 1997. But why is the Chinese side so firm on this issue and why is this attitude made known even before the Hong Kong Legislative Council passes any election proposal?

[Lu] We did not make known this attitude just now.

[Reporter] But now....

[Lu] After the British side shut the door tight on the arrangements for 1994-95 elections and refused carry on with the talks with us, we declared our attitude then. This is not a new issue. As you should know, in 1997, the kind of change that will take place here is not like what happens when the British Conservative Party steps down and the Labor Party goes into power. It will be a shift from one government to another. Normally, under such circumstances, it stands to reason that a new government, new legislature, and new judicial body will be formed. This is only normal. We adopted the "through train" arrangement because it is a special measure. Strictly speaking, everything should start anew and setting up a separate kitchen should apply to everything. But for the sake of smooth transition, we adopted this special measure, namely, the "through train" option. Yet this requires a basis, which is the British side's cooperation with us and convergence of the composition of the last Legislative Council with the provisions of the Basic Law.

[Patten] Well, there are some things which are in their sovereign power which I do not deny at all, though of course I would hope they would operate within the terms of their international treaty obligations as well. In this case, the Joint Declaration. But they can do all sorts of things after 1997 if they want. What they have to ask themselves is whether those things are in the interests of Hong Kong and whether those things will help to secure the hearts and minds of the people of Hong Kong.

[Reporter] Recently, a number of recommendations raised at the discussions of the PWC have caused much controversy among the people of Hong Kong. The first recommendation is that civil servants should make it clear whether or not they want to stay in their positions beyond 1997. The more recent one is the extension of the operation of the land fund. Do these two recommendations indicate that those at the PWC or its members do not have a good idea of Hong Kong's reality or the agreements previously reached between China and Britain?

[Lu] No. This is a sheer misunderstanding. It does not mean that the PWC members do not have a good idea of Hong Kong's conditions. As far as I know, they did not put it that way and the PWC did not discuss it like that. But how did the question come up? Well, Cheng Yu-sho conducted a survey, a poll, didn't he? The results claimed that by 1997, many civil servants, especially senior civil servants and administrative officers, will resign. So we said if it is true that so many administrative officers will quit, there will be many things unattended to. What should we do?

In fact, Cheng Yu-sho's survey was not comprehensive and his results were impossible.

At that point, it was suggested that if a civil servant is not willing to go on to work in the Special Administrative Region [SAR] Government in 1997, he should notify the Preparatory Committee or other authorities beforehand. He should do it himself, making it clear that he is not going to carry on beyond 1997. This way, the chief executive or other chief officials can look for someone at an early stage to succeed him, so that the government's operation will not be affected or come to a stop. This is how we put it and how we discussed it. I do not know why stories came out in the newspapers later, claiming that they were asked to declare their so-called political stand. I feel this is a pure misunderstanding. We did not mean it at all.

If you.... [Lu pauses] I believe by 1997, the overwhelming majority, 90 percent, of the civil servants will be happy to carry on in the Special Administrative Region Government. Only a small proportion of them may, when the time comes, wish to leave the government. We hope these people will notify us two or three months in advance, as required by regulations.

As to the issue of the land fund, I feel this is also a pure misunderstanding. At the subgroup discussion of the PWC, we made it very clear that the reason we discussed the issue of the land fund is that we hope on 1 July 1997, without a day's delay, we can hand the land fund of over 100 billion [no currency specified as heard], or something like that, to the SAR Government in one lump sum without retaining a cent. But the question is which organization the land fund should go to. We discussed whether it should be the Foreign Exchange Fund or the Hong Kong Government's Financial Department. No matter what, the land fund will certainly be handed to

the Special Administrative Region Government. If the Special Administrative Region Government, for a time, cannot decide how to take care of this fund, it may temporarily retain the structure of the existing commission for managing the land fund. This is why I said it was a pure misunderstanding. [end recording]

[Yuan] The Sino-British row has continued to this day without showing any signs of improvement. When will Lu Ping come again? Has Chris Patten considered the possibility of the British side extending a formal invitation to Lu Ping?

[Begin recording] [Patten] Well, that is something we will have to look at, whether or not it is sensible to make another formal suggestion to Director Lu. I think he knows perfectly well that as far as we are concerned, whenever he would like a meeting, we would be very happy to have one.

[Lu] Now we do not have the basis. First, you must go through these channels, including the channel of the PWC, and the two sides start communication and create some prospect of a solution through negotiation. Then the two of us can have a talk on the basis of this and this is the only way we can possibly work out some solution. If we go ahead and meet each other while nothing has settled into shape, it will be all empty. The two of us cannot possibly discuss many detailed issues. Only when the detailed issues have been solved at the more preliminary levels can we expect some solution from our meeting.

[Patten] I very much hope that Director Lu will have had a very good week in Hong Kong, will have seen what progress we have made in the last couple of years since he has been able to be here, will have seen that despite what was said at the recent PWC meeting, there is not much sign of social turmoil here in Hong Kong. I hope he will have had an enjoyable stay and I hope it will have encouraged him to come back many times before 30 June 1997. We would very much like to see him and I hope that each time he comes, he will be able to broaden the number of people that he actually sees and communicates with.

Lu Ping Meets With Grass-Roots Organizations

HK0905124794 Hong Kong TA KUNG PAO in Chinese 9 May 94 p 2

[Report: "Lu Ping Has Informal Meeting With Persons From Hong Kong Grass-Roots Social Organizations, Urges Hong Kong Residents To Participate in Work To Achieve Smooth Transition"]

[Text] Lu Ping, deputy head and general secretary of the Preliminary Work Committee [PWC] for the Hong Kong Special Administrative Region, said yesterday (8 May) that Hong Kong is the Hong Kong people's Hong Kong, and that "Hong Kong people running Hong Kong" first requires the broad masses of Hong Kong residents to run Hong Kong. With participation in this matter by the

broad masses of Hong Kong people, it is absolutely possible to achieve a smooth transition.

Lu Ping made this remark yesterday morning when attending a forum for people from Hong Kong's grass-roots organizations and communities to meet the mainland members of the political and economic subgroups of the PWC.

Lu Ping said that China has a saying that goes: "Roots are deep and firm"; when roots are deep, a plant blossoms and bears fruit. The masses at the grass-roots level in Hong Kong are Hong Kong's foundation and roots. So-called "Hong Kong people running Hong Kong" cannot be understood narrowly, as Hong Kong being run by a small number of those in the government departments. The meaning of "Hong Kong people running Hong Kong" is broad, and it first means that the broad masses of residents and those at the grass-roots level should run Hong Kong themselves, and realize Hong Kong's stability and prosperity in the future through "Hong Kong people running Hong Kong."

Lu Ping said: We hope that you, and through you we can fully mobilize the strength of Hong Kong residents, so that everyone takes part in realizing "Hong Kong people running Hong Kong." In particular, from now to 1997 is only a little more than three years, and there are a lot of preparations to be made, so it is not enough simply to rely on the PWC. There must be participation by Hong Kong people so we really can achieve a smooth transition.

Lu Ping said: I have said that Hong Kong is an economic city and that I do not want to see it become a political city. I was getting at something when I said this. Someone has tried to turn Hong Kong into a base, in order to change the socialist system on the mainland. They also said openly that Hong Kong already has become a political city, and the days when it could get along well with the mainland have gone for good. The report by the British Parliament's Foreign Affairs Committee confessed—without being pressed—openly admitting that Britain's policy toward China, including Hong Kong, has changed already, that is, from cooperation to confrontation, so we must see clearly the face of the British Government.

Lu Ping continued: It is not true that we do not want you to take part in politics; we do hope you care about the work during Hong Kong's transitional period, that you care about politics, and about Hong Kong's future.

Lu Ping reiterated that the Chinese side is willing to cooperate with the British side in other areas, but cooperation involves both sides. Whether cooperation can succeed depends on whether the British side has the sincerity, but no sign of sincerity can be seen at this moment.

Lu Ping stressed: Hong Kong is the Hong Kong people's Hong Kong, even without cooperation from the British side, we are very confident that relying on the broad

masses of Hong Kong residents, we definitely can achieve a smooth transition.

Among those attending the forum were 200 people from the Hong Kong Federation of Trade Unions, the Association of Teachers, the Reform Club, the Public Housing Federation, the Federation of Social Groups in the New Territories, and many district and grass-roots organizations.

After the meeting, Cheng Yao-tang, Hong Kong deputy to the National People's Congress and head of the Hong Kong Federation of Trade Unions, cited Lu Ping as saying that someone recently deliberately distorted the speech he made at a luncheon with the five main chambers of commerce. In his speech, he mentioned that Hong Kong is an economic city and cannot become a political city.

When he said it could not become a "political city," he meant that Hong Kong must not be used as a base to change the socialist system in China, and must not become an arena for competition in the international community.

Cheng Yao-tang said that participants in the forum mainly expressed opinions on the general problems of the people's livelihood, including soaring housing prices, the youth problem, education, retirement security, and the people's well-being in the New Territories. Lu Ping also responded to the problem of housing prices when he gave a summation, and said that the high housing prices already have put houses out of reach for ordinary residents, and if things go on like this, the law of the market will mete out the punishment, and this will directly affect the people's livelihood and the smooth transition. He does not want to see such a punishment to take place on 1 July 1997. At present, the PWC is actively deliberating a relevant housing policy.

In addition, forum participant Yang Yao-chung, chairman of the Association of Teachers, briefed Lu Ping on Hong Kong's educational problem, including the proposal on strengthening promotion of the Basic Law, and increasing educational exchanges between Hong Kong and the mainland.

Governor Patten Calls For More Cooperation With PRC

HK1005040294 Hong Kong SOUTH CHINA MORNING POST in English 10 May 94 p 2

[By Louis Won]

[Text] It would be a pity if Hong Kong people had lost their confidence in the future following Mr Lu's visit, Mr Patten said yesterday. He was responding to a poll published by the SOUTH CHINA MORNING POST yesterday which showed 36 percent of people felt less confident about Beijing's handling of the transition.

But Mr Patten said he believed the more Mr Lu was able to visit Hong Kong, the more people would feel reassured. He hoped both sides would be able to demonstrate their commitment to cooperating with each other to encourage Hong Kong people to have more confidence.

Mr Patten repeated his call for dialogue. "We want to have a dialogue with Director Lu. We want to see more work flowing up and down the channels of the Joint Liaison Group, the Airport Committee, the Land Commission and so on. "I think that the meeting of the Land Commission recently was a positive development and showed commitment on all sides to the well-being of Hong Kong. I think we'd like to see... the next Joint Liaison Group meeting as successful," he said.

Mr Lu ended his nine-day visit at Kai Tak airport yesterday in the manner in which he had arrived—bypassing the media.

Mainland PWC [Preliminary Working Committee] members will return to Beijing today.

PRC Official Clarifies Statement on Hong Kong Land Fund

HK0905052294 Hong Kong TA KUNG PAO in Chinese 6 May 94 p 2

[Report: "Gao Shangquan Says Hong Kong Land Fund To Be Managed and Used by Special Administrative Region Government After 1997 Handover"]

[Text] Regarding the recommendation made by the Preliminary Work Committee [PWC] Economic Subgroup for retaining the framework of the land fund for another one to three years after 1997, members of the subgroup believed that some newspapers had misinterpreted the recommendation, and therefore they clarified the matter yesterday (5 May).

Gao Shangquan, head of the subgroup representing the Chinese side said: Some media misinterpreted the economic subgroup's recommendation as indicating that the Chinese Government is unwilling to give up the land fund and is going to transfer it to the mainland for investment. He pointed out that this is not true.

He made the following four points of clarification:

(1) This land fund is an important financial source for the Special Administrative Region [SAR] Government. This financial source does not belong to anybody else or the mainland, but to the SAR Government. This sum of money is generated by Hong Kong land resources, after being processed by the people of Hong Kong. Therefore, it naturally belongs to the SAR Government.

(2) This land fund will be handed to the SAR Government on the very day of 1 July 1997. This is very definite and well grounded.

(3) How the SAR Government will manage and use this sum of money shall be decided by the SAR Government. No one else shall interfere.

(4) If the SAR Government thinks that retaining the existing framework of the land fund for the time being is conducive to a smooth transition, it may consider doing so. The land fund will be managed by the SAR Government. Besides, he held that this period of retention should not be too long, but the actual length of time shall still be decided by the SAR Government.

Fong Wong Kut-man, head of the subgroup representing the Hong Kong side, explained that the dominant view within the subgroup did not suggest merging the land fund with the exchange fund because there are more restrictions on the exchange fund. If the SAR government finds it necessary to use this fund to stabilize the currency, there might be difficulty in withdrawing this fund. Therefore, the subgroup thinks that if the land fund can be handled separately, the SAR government will have some flexibility. This was "purely the good intention" of the subgroup.

As regards the alternative of putting the fund into the reserves, Fong Wong Kut-man pointed out: The future SAR government's financial policies remains anchored to the principle of a balanced budget, and it is not necessary to overdraw a large sum on the reserves. Therefore the subgroup did not think it necessary to put the land fund into the Treasury.

Furthermore, when asked about the political subgroup's earlier statement about composing anew the Legislative Council, Fong Wong Kut-man, who is also member of the political subgroup, said that the subgroup had always understood "composing" or "reorganizing" as "re-elections."

Territory To Introduce 10-Cent Coin To Prepare for 1997

OW1005095894 Beijing XINHUA in English 0848 GMT 10 May 94

[Text] Hong Kong, May 10 (XINHUA)—New design 10-cent coins will be put into circulation in Hong Kong starting from next Monday [16 May] to replace the existing coins, local government information services announced here today. "This is part of the phased program to replace and withdraw from circulation existing coins bearing references which will become inappropriate to the status of Hong Kong as a special administrative region of the People's Republic of China," a government spokesman said today. The design of the new 10-cent coin features a bauhinia flower and "Hong Kong" in Chinese characters and English on the obverse. The reverse features the denomination in Chinese characters and English with a large Arabic numeral in the center and the year of issue immediately below it.

Column Accuses British of Looting Hong Kong

HK0905053294 Beijing LIAOWANG in Chinese
No 13, 28 Mar 94 p 63

["Letter From Beijing" by Bao Xin (7637 0207):
"Beware, There Are Those Who Wish To Disrupt and
Gut the Hong Kong Economy"]

[Text] My Brothers,

Li Ruihuan, chairman of National Committee of the Chinese People's Political Consultative Conference (CPPCC), when visiting CPPCC members from Hong Kong and Macao on 16 March, said that we should beware of the colonialists who, while creating chaos in politics, conduct secretive dealings with "modern packaging" or "modernized means" to disrupt and gut the Hong Kong economy and leave a heavy financial load on the future Hong Kong Special Administrative Region and Hong Kong compatriots.

This is a timely and important reminder. His reminder acutely lays bare an important move of the British colonialists before they withdraw from Hong Kong, and their intentions.

You may remember that in October 1989 the British Hong Kong Government put forward a plan entitled the "Port and Airport Development Strategy," which was then estimated to cost 127 billion Hong Kong dollars. In addition to this, it also engaged in a package of large-scale capital construction projects, which will go beyond 1997, such as a drainage project, reform of road networks, a railway development program, and so on, whereas the British Hong Kong Government had just over 50 billion Hong Kong dollars in its financial reserves at that time.

In managing their finances, the British Hong Kong Government has also changed their usual practice, putting aside its long-standing policy of a balanced budget and practicing a deficit budget, i.e., draining the pond to get all the fish.

Hong Kong citizens are deeply worried about this, fearing that this will exhaust the financial reserves of Hong Kong and lead to intensified inflation.

The Chinese Government, thinking of the present and long-term interests of the 6 million countrymen in Hong Kong and of the future Hong Kong Special Administrative Region, has advised the British Hong Kong Government several times in different ways. As early as 1990, General Secretary Jiang Zemin said the British Hong Kong Government must not do the trick of "you give a dinner party and I pay for it," spending lots and lots of money now but leaving a heavy burden to the future SAR Government and adding to the burden of Hong Kong people. Concerning the fiscal policy of the British Hong Kong Government, Jiang said that the policy of "spending no more than what one gets" should also be adhered to.

Especially on the issue of the new airport, the Chinese Government upholds the Hong Kong people's interests according to reason. The Chinese Government has made its position clear: Hong Kong needs a new airport, but the construction of a new airport should be in conformity with the principle of "low cost and high efficiency." But the British Hong Kong Government has ignored this, and has even raised the cost of the new airport a great deal after the signing of the Memorandum of Understanding. The construction of the airport and its railway will be mainly paid for with a huge loan of 70 billion Hong Kong dollars, and the loan is not due for repayment until after the setting up of the Hong Kong Special Administrative Region in 1997, thus leaving a heavy economic burden on the SAR Government.

In fact, the new airport will not be ready for use until seven or eight years later, and the British cannot wait for that day. So why do they show such enthusiasm for the construction? We can learn something from the fact that the British Hong Kong Government has given most contracts for project consultation and major contracts to British-funded companies who charge higher fees. The truth is that, on the one hand, they are trying to use the construction of the new airport and other projects to spend all of the financial reserves—and even use the revenue of the future Special Administrative Region Government—and, on the other hand, using various "modern packagings," they are putting as much money as possible into the pockets of British businessmen. This money is the blood and sweat of the Hong Kong people!

Colonialists have their own gangster logic. Out-and-out invasion is claimed as help, and out-and-out plunder is claimed as charity. The prosperity and stability of Hong Kong today should be owed to the efforts of Hong Kong countrymen, to the backing of the whole Chinese nation. But the British are trying to make themselves look good. For the past 100 years or so, they have taken away whatever they could. Who knows how much they have robbed from Hong Kong! (The income of a Hong Kong governor is more than that of a British prime minister—this is just a minor example.) Is it not clear who has fed whom after all? Now that it is not long before their withdrawal, they have begun to move away what they can, take away what they can, and spend and use up what they cannot with grandiose pretexts. Some Hong Kong people have already pointed out that it is easy to see from the newly published "(Draft) Regulations of the Airport Corporation" that the British Hong Kong Government intends to keep the new airport away from government supervision so that they can continue their influence in Hong Kong by controlling the new airport.

Such behavior has been exposed and criticized by some wise Hong Kong people, who pointed out that the British, especially Hong Kong Governor Chris Patten, have stepped onto a road of no-return against China, and we should guard against more of their confrontation and chaos-making tricks in the future in the way of finances, taxation, public construction, retirement benefits, civil service system, people's livelihood, and so on.

Following the wind and rain in the transition period of the past several years, the Hong Kong people now have a stronger sense of belonging and identity with the motherland. Never before have they linked their love of the country with their love of Hong Kong so closely, and never before have they, as masters of their own affairs, concerned themselves with and taken part in the social affairs of Hong Kong and protested against various acts of obstructing Hong Kong's return to China and sabotaging a stable transition as they are today. More and more people are coming together for the love of both the country and Hong Kong. If there are people who, risking universal condemnation, dare to cause disorder in Hong Kong in an attempt to gut Hong Kong financially and leave Hong Kong in a mess, they will definitely be smashed to pieces in the strong deluge of patriotism and love for Hong Kong.

Sincerely,

[Signed] Bao Xin

[Dated] 19 March

Poll Shows Less Confidence in China Following Lu's Visit

HK0905030694 Hong Kong SOUTH CHINA MORNING POST in English 9 May 94 p 1

[By Fung Wai-Kong]

[Text] Local people are less confident of China's ability to handle the territory's change of sovereignty following the visit by the Director of the State Council's Hong Kong and Macao Affairs Office, Lu Ping.

According to an Asian Commercial Research survey sponsored by the SOUTH CHINA MORNING POST, the number of people who felt less confident in China handling the transition was almost double those who felt more confident. A total of 36 per cent said they felt less confident, while only 19 per cent said they were more confident. The other 45 per cent had no opinion on the matter.

People cited Mr Lu's behaviour and the failure of Britain and China to talk to each other as the major reasons for their drop in confidence. The poll also revealed that Mr Lu's refusal to meet Governor Chris Patten tarnished his image among the people of Hong Kong.

Just over 36 percent of respondents said Mr Lu's actions had lessened their opinion on him, while only 6.5 percent said the visit had improved their perception of Mr Lu. About half the respondents said the visit had not changed their opinion on him.

In response to whether Mr Lu's highly publicised visit would undermine the Governor's authority in the territory, 53 percent of respondents said it had no effect, while 27 percent agreed that it had. Six percent said the Governor had gained in authority as a result of the visit. The poll also suggested that the majority of people

wanted to see Mr Lu and Mr Patten meet again. About 35 percent said they were eager to tell Mr Lu to keep the freedoms enjoyed by Hong Kong people and not to infringe upon them.

The survey was conducted between May 4 and 7 and a total of 400 Cantonese speaking people aged 18 to 64 years were interviewed by telephone.

Meanwhile, in a forum, major political party leaders said they thought Mr Lu's visit to Hong Kong had not been satisfactory. The vice-chairman of the United Democrats, Albert Ho Chun-yan, said Mr Lu had been acting against the public's wishes rather than the other way round. The Liberal Party said it regretted the fact that Mr Lu was not able to meet the Governor during his visit. But vice-chairman of the pro-China Democratic Alliance for the Betterment of Hong Kong, Tam Yiu-chung, said Mr Lu had met people from a wide spectrum of society during his visit, and this would certainly help him to understand better the wishes of Hong Kong people.

Mr Lu yesterday met about 300 workers from pro-China unions at the Hong Kong Federation of Trade Unions headquarters. He told them Hong Kong should not be used as a political base to change the socialist system in China. After the meeting, federation chairman Cheng Yiu-tong quoted Mr Lu as saying some people in Hong Kong had distorted his remarks that Hong Kong should not become a political city. Mr Cheng said Mr Lu told the workers that what he meant was that the territory should not become a base to convert China from socialism. He also quoted Mr Lu as saying that the recent report by the Foreign Affairs Select Committee of the House of Commons had made him realise Britain had changed its policy towards China. "Some people" in Britain believed that it was an "obsolete" approach for Hong Kong to maintain its co-operative relationship with China.

Mr Lu leaves Hong Kong today.

Commentary Views Task of Preliminary Work Committee

HK0905140094 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 9 May 94 p 5

["Random Notes on Hong Kong" column by A Bing (7093 3521): "It Is High Time To Strengthen Communication"]

[Text] Lu Ping, vice director and secretary general of the Preliminary Work Committee for the Preparatory Committee of the Hong Kong Special Administrative Region [PWC], and other mainland PWC members made a special trip to Hong Kong to attend the meetings of the PWC political and economic subgroups. In the last few days, they had a tight schedule. Apart from attending the meetings, they met with representatives from various social sectors and found time to visit grass-roots people to understand how they lived. It is safe to say that by

gearing themselves to the needs of Hong Kong people, having contacts with people from all walks of life and listening to their opinions, the mainland PWC members were blazing a new trail. Through understanding the real situation by having contacts with people at all levels through various channels, the PWC members, we believe, will formulate programs and policies more suited to Hong Kong's realities.

With the date 1 July 1997 drawing near, the PWC must step up its work. To solicit opinions from more Hong Kong people, the PWC, at the suggestion made by many Hong Kong people, decided to move the venue for the meetings of the two subgroups from Beijing to Hong Kong so as to increase exchanges with Hong Kong people and draw more Hong Kong people into participation in the preparatory work in the transitional period. This arrangement once again showed that the PWC was determined to make efforts, together with Hong Kong people, to achieve Hong Kong's smooth transition.

The task taken on by the PWC in the second half of the transitional period is arduous. The spirit displayed by PWC members in courageously shouldering heavy loads and working hard is praiseworthy. Anyone who hopes for Hong Kong's smooth transition will enthusiastically support the PWC in its work and help overcome contradictions and difficulties arising in the course of advance. Facts show that more and more people are doing so.

It should also be pointed out that Chris Patten and a few of his followers have so far despised the PWC and unscrupulously belittled the PWC's role and achievements, saying the PWC "lacks credibility" and "transparency" and describing the mainland PWC members' trip to Hong Kong to attend meetings and solicit opinions as "adopting a lofty stance." By bringing such groundless discredit on the PWC they will in no way impede the PWC's work, nor will they damage the prestige the PWC has established among the Hong Kong people. On the contrary, they will enable more Hong Kong people to see clearly the stubborn position of Chris Patten, who continues to confront the Chinese side. They will also awaken Hong Kong people who are unaware of the truth and the latter will then appreciate and support the PWC's work. This is Hong Kong's present reality and trend and nobody will be able to change or resist it.

Macao

Stolen Passport, Russian Visa Racket Revealed

HK0905030894 Hong Kong SOUTH CHINA
MORNING POST in English 9 May 94 p 2

[By Adam Lee in Macao]

[Text] The latest trick in the race to leave China illegally is to use a stolen Portuguese passport from Macao to get a Russian visa in Beijing, according to a local government official. Director of the Identification Department in Macao, Salome Madeira said her office had recently received several batches of stolen Macao-Portuguese passports sent to the Russian Embassy in Beijing. She said Russian officials, suspicious of the authenticity of the documents had handed photocopies to the Portuguese Embassy, which had forwarded them to Macao for verification. All the passports had the photographs changed by forgers, she said.

A stolen passport can be sold for anything between HK\$10,000 and \$50,000 in Hong Kong and Macao, and fetches more in China and some other Asian countries.

Ms Madeira said the number of passports reported missing in Macao had declined from about 100 to around 30 every month. This was partly because computerisation of check points meant it was easier to trace people using two passports, and partly because it takes between three and six months for a replacement.

About one quarter of Macao's 400,000 residents hold Portuguese passports. Of the 100,000 Portuguese passport holders about 6,000 are from Portugal or former Portuguese colonies, about 10,000 are Macanese (born in Macao of mixed Chinese and Portuguese descent) and the rest are of full Chinese parentage. Until 1981, anyone born in a Portuguese territory would automatically be a Portuguese national. However, the 1981 Nationality Law in Portugal stated that people born on Portuguese territory after October 3, 1981 would only be Portuguese if one or both of their parents was already a Portuguese national.

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